Gerresheimer AG

Annual Report 2016

On the right track

GERRESHEIMER

CHECKLIST

VISION

Gerresheimer will become the leading global partner for enabling solutions that improve health and well-being.

GOALS FOR 2016

GLOBAL MARKET LEADERSHIP IN OUR MARKETS

Clear focus on customers in the pharma, healthcare and cosmetics industry

Continuous improvement in quality – focus on the patient

Innovation for new drugs and customer needs

Boost efficiency with state-of-the-art, globally standardized production technology

Create capacity for future growth

PROFITABLE AND …

Adjusted EBITDA at constant exchange rates EUR 305m (+/- EUR 10m)

Average net working capital as % of revenues (at constant exchange rates): 17% in 2016

Cut net financial debt

Drive higher EPS

Dividend of 20% to 30% of adjusted net income after non-controlling interests

… SUSTAINED GROWTH

Revenue growth at constant exchange rates EUR 1.4bn (+/- EUR 25m)

Secure future prospects with acquisitions and organic growth

Capex about 8% of revenue at constant exchange rates

Ensure verifiably sustainable operations

Faster employee training and development

2016 RESULTS

GLOBAL MARKET LEADERSHIP IN OUR MARKETS

- [x] Sale of Life Science Research Division for further focus on core business

DONE

- [x] Scale up clean-room and inspection technologies

in progress

- [x] Launch new products for ultrasensitive biotech drugs

in progress

- [x] Pursuit of global machine strategy: standardization of tubular glass converting machines in Europe

in progress

- [x] Modernization of cosmetic glass plant in Tettau (Germany) and expansion of plant in Peachtree City (Georgia/USA) for inhaler order

DONE

PROFITABLE AND …

- [x] Adjusted EBITDA at constant exchange rates increased to EUR 311.3m

target achieved

- [x] Average net working capital at 15.8% of revenues – exceeding our expectations

in progress

- [x] Net financial debt reduced by EUR 89.3m to EUR 788.2m; adjusted EBITDA leverage improved from 2.9x to 2.6x

target achieved

- [x] Adjusted earnings per share after non-controlling interests increased significantly by 23.8% to EUR 4.22 (2015: EUR 3.41)

target achieved

- [x] Proposed dividend increase by 23.5% to EUR 1.05 per share (approx. 25% payout ratio)

in progress

… SUSTAINED GROWTH

- [x] Revenue at constant exchange rates increased to EUR 1,383.1m

target achieved

- [x] Growth notably from inhalers, plastic drug packaging, injection vials and cosmetic glass

in progress

- [x] Capex program fully completed, volume equivalent to 8.2% of revenue at constant exchange rates

DONE

- [x] Achieving our climate protection targets gets us top place in Carbon Disclosure Project

target achieved

- [x] Above-average training rate in Germany; successful German approach exported to Czech Republic and USA

keep at it

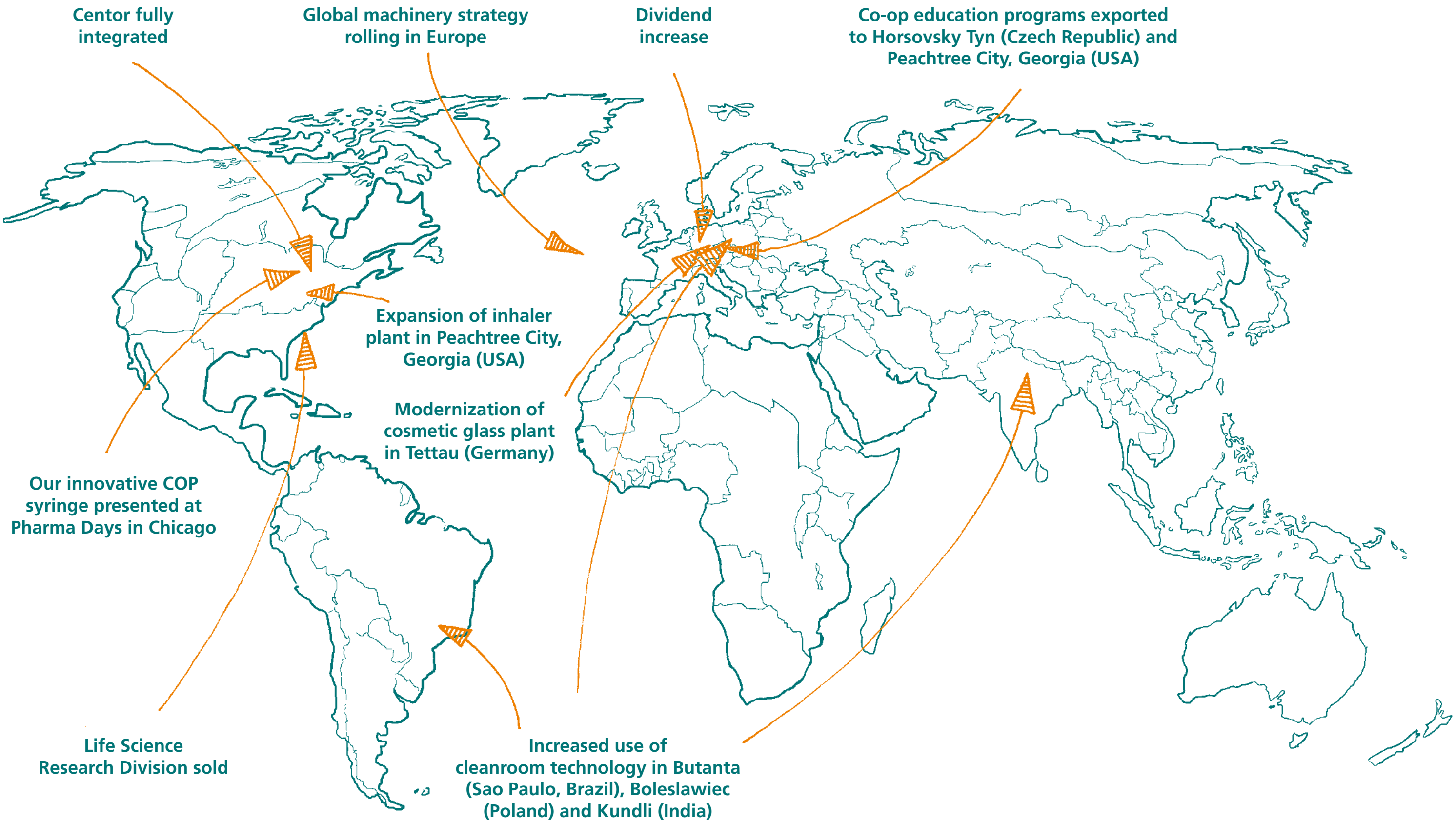
OVERALL ASSESSMENT FOR 2016

Successful financial year 2016

OVERVIEW

Gerresheimer is a leading global partner to the pharma and healthcare industry. With our specialty glass and plastic products, we contribute to health and well-being. We operate worldwide and, with some 10,000 employees, manufacture our products in local markets close to our customers. With our plants in Europe, North America, South America and Asia, we generate revenues of approximately EUR 1.4bn. Our comprehensive product portfolio includes pharmaceutical packaging and products for safe and simple drug delivery: insulin pens, inhalers, prefillable syringes, injection vials, ampoules, bottles and containers for liquid and solid medicines with closure and safety systems, as well as packaging for the cosmetics industry.

ON THE RIGHT TRACK



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Rainer Beaujean
Chief Financial Officer,
responsible for Life Science
Research until the sale
as of October 31, 2016
Uwe Röhrhoff
Chief Executive Officer,
responsible for
Primary Packaging Glass

IN CONVERSATION WITH THE MANAGEMENT BOARD

Andreas Schütte
Member of the Board,
responsible for
Plastics & Devices

Uwe Röhrhoff

Chief Executive Officer, responsible for Primary Packaging Glass

- Strategy & Planning
- Communication & Marketing
- Human Resources
- Legal & Compliance
- Business Excellence & Continuous Improvement

The Annual Report carries the title "On the right track." Is that how you would describe 2016?

Uwe Röhrhoff:

Absolutely. It was a really eventful and successful year for us. We had already made some key strategic decisions in 2015 and, having continued to pursue this in 2016, can now focus even more on our core business and our customers. We have met our forecasts for all key performance indicators and have grown substantially. The Company is ready for the challenges ahead in the next few years.

"The Company is ready for the challenges ahead in the next few years."

Uwe Röhrhoff, Chief Executive Officer

Mr. Beaujean, we would be grateful for a few details on the figures.

Rainer Beaujean:

Certainly. As already mentioned, we reached all our targets. Our revenues are impressive. We grew by 7.2%. Revenues at constant exchange rates stood at EUR 1,383.1m, which is rather at the lower end of our forecast. By contrast, our profit was at the upper end of our forecast. At constant exchange rates, adjusted EBITDA increased to EUR 311.3m, pushing up our margin to over 22% for the first time, to 22.4%. Adjusted earnings after non-controlling interests per share climbed to a record level of EUR 4.22. That is why we are proposing to increase the dividend by 23.5% to EUR 1.05.

The acquisition of Centor caused your debt level to rise in 2015. What does it look like now?

Rainer Beaujean:

We believe that leverage measured in terms of net financial debt to adjusted EBITDA of 2.5x to be a prudent long-term course. The rating agencies give our Company an investment-grade rating, and that's how it should be. In order to bring leverage back down following the acquisition of Centor – which is our aim – we need a healthy cash flow. The operating cash flow margin stood at 14.3% in 2016, that's a good level. Average net working capital was at 15.8%, which is one percentage point better than we had anticipated at the start of the year. This, together with the proceeds from the sale of the Life Science Research business, put us in a position to reduce debt more quickly than many had expected. At the start of the year, leverage was still at 2.9x. By the end of November, we had reduced it to 2.6x.

You mentioned the sale of the Life Science Research business. Gerresheimer was in the laboratory glassware market for a long time. Why the sale now?

Rainer Beaujean:
For the last ten years, we had run our Life Science Research subsidiary as a joint venture with Chase Scientific. We have now sold it to the Duran Group. There was hardly any common ground or synergies with our core business. The markets, customers and technologies were all different. For us, the sale was an important step toward focusing more on our core business: the manufacture and marketing of high-quality primary packaging for medicines and cosmetics as well as drug delivery devices.

So is this the end of Gerresheimer's big buying and selling spree?

Uwe Röhrhoff:
We will continue to keep an eye out for companies that would be a good fit with us and would strengthen our technology portfolio, so as to expand the products and services we offer our customers. Or companies that would allow us to broaden our regional presence. There are no more sales in the pipeline.

"For us, the sale of the Life Science Research division was an important step toward focusing more on our core business."

Rainer Beaujean, Chief Financial Officer

So manufacturing cosmetics packaging is part of your core business, and that's not up for sale?

Uwe Röhrhoff:
That's right.

Rainer Beaujean

Chief Financial Officer, responsible for Life Science Research until the sale as of October 31, 2016

- Finance
- Controlling
- Investor Relations
- Information Technology
- Internal Audit
- Mergers & Acquisitions

In addition to the strategic issues, was there also a lot to do in operational terms?

Andreas Schütte:
Definitely. The top priority for 2016 was to integrate Centor. Our new subsidiary is the market's leading supplier of plastic containers for prescription medication to US pharmacies. The business model works. Centor is thriving. The company has been integrated into the Gerresheimer environment with great success. Another milestone was expanding the Peachtree City plant in the USA, where production has since started for a major order of inhalers for the USA.

Uwe Röhrhoff:
In the Primary Packaging Glass Division, the no. 1 priority was the ongoing standardization and modernization of production machinery. On top of this, important investments were made in the quality of our products and services. And not to leave out cosmetics: Our staff at the cosmetic glass plant in Tettau, Germany, carried out a major furnace overhaul in record time. Our cosmetic glass plants, which are highly innovative, bring some 100 new products to market every year.

We have further expanded the decorating capacities needed for this. All these operational initiatives serve to boost our efficiency, enhance our quality and cut our costs.

How are customer requirements changing and how are you responding?

Uwe Röhrhoff:
The customer and the patient are at the center of everything we do. Our priorities are offering top quality, ensuring absolute reliability in terms of delivery, and expanding the product portfolio. The requirements of biotech drugs on safe, easy-to-use packaging and dosing are increasing. We already offer corresponding products and are developing more. In addition, lots of customers are actively requesting more intensive consulting services from us. Especially when it comes to requirements for adjusting the properties of primary packaging for specific drugs, or on the issue of regulation.

Andreas Schütte:
We conducted another large-scale customer survey in 2016. The findings were unequivocal: Top quality and meeting the deadlines are the most important requirements. A clear brief, which we take very seriously. Overall, our customers' satisfaction increased slightly, but there is still a lot do. Product quality in particular is an ongoing mission for all of us. We will offer the specialist portfolio already mentioned by Mr. Röhrhoff for biotech and specialist pharma customers through a newly set-up organizational unit that can focus fully on this task.

"The customer and the patient are at the center of everything we do."

Uwe Röhrhoff, Chief Executive Officer

What does that mean specifically?

Uwe Röhrhoff:
In 2016, we decided to expand our development services and product portfolio for the biotech and specialist pharma industry and to bundle them beyond the existing divisional boundaries into a unique offering. Implementing this plan is very high on our list of priorities. From pharmaceutical vials and prefillable syringes all the way to autoinjectors, we can deliver all-in solutions for any drug and thus set ourselves well apart from the competition. And we can offer them in glass, plastic and all kinds of customized variations.

Here are two examples for the good old material of glass. Our latest product range is called Elite Glass. It is extremely robust, break-resistant and has no cosmetic flaws. At the same time, together with our partner Corning, we are developing a new, highly innovative glass that is even more high performance in terms of its processing speed, break resistance and chemical properties.

Andreas Schütte:
We also have innovative solutions in plastics. We recently began producing a prefillable syringe made from the high-performance plastic COP, which is tailor-made for drugs with highly exacting requirements. Then there are other customers who expect us to think more about sustainability when it comes to our products. Accordingly, we offer plastic packaging for medicines and cosmetics that is made from plastic granules manufactured from renewables rather than mineral oil.

Yet we have by no means reached the end of the line with our product portfolio for new medicines. You will be hearing about innovations from us again and again over the next few months and years.

Lots of companies are saying that it is increasingly difficult to find the right staff. How is the situation for Gerresheimer?

Uwe Röhrhoff:
In order to win and retain employees for Gerresheimer, we need to accommodate their wants and needs. To this end, we regularly conduct global employee surveys. We then derive specific measures from the suggestions we receive. We also believe firmly in providing training and education at our plants, where in some cases this has enjoyed a long tradition for decades. Our apprenticeship quota is above average, and almost all apprentices remain with us after their first qualification.

Andreas Schütte
Member of the Board, responsible for Plastics & Devices

Key Account Management

Andreas Schütte:
In plants and countries unfamiliar with anything like the German co-op system of vocational training and education, we import it. We have already done so with resounding success at our Czech plant. Next up is our plant in the US state of Georgia, which is preparing to offer more on-the-job training in cooperation with local universities and colleges.

Uwe Röhrhoff:
We tend to talk a lot about figures and technologies. But at the end of the day, it is our nearly 10,000 employees worldwide who make us successful. Day in, day out, in multi-shift, around-the-clock operation at most plants. For that, a huge vote of thanks goes out to all.

But just briefly on the figures again: What is Gerresheimer expecting for the financial year 2017?
Rainer Beaujean:
More profitable growth, of course. We anticipate Group revenues of around EUR 1.43bn plus or minus EUR 25m on a constant exchange rate basis in financial year 2017. The comparison figure for 2016 stood at EUR 1.376bn. We plan to increase adjusted EBITDA to around EUR 320m in 2017, plus or minus EUR 10m. Last year, it stood at EUR 308m. Capital expenditure will be around 8% of exchange rate-adjusted revenues, assuming an exchange rate for 2017 of USD 1.10 to EUR 1.00.

And your targets beyond 2017?
Rainer Beaujean:
We are generally aiming for annual average organic revenue growth of 4% to 5% up to 2018. That is still an ambitious target. The adjusted EBITDA margin is expected to reach around 23% for financial year 2018. Previously, our target had been a margin of more than 22%.

What do shareholders stand to gain from your success?
Uwe Röhrhoff:
We have steadily increased our dividend. The year 2016 was a highly successful year, in which our shareholders should also participate through the increased dividend of EUR 1.05 per share. Over the last few years, we have enjoyed very solid, profitable, sustainable growth, a trend we aim to continue in the coming years. We have taken the right steps to ensure that, together with our shareholders, we will continue to profit from this in the future.

The questions were asked by Jens Kürten, Group Senior Director Communication & Marketing

ON THE RIGHT TRACK

The year 2016 was another good year for us. We further sharpened our positioning through strategic decisions. We have parted with the Life Science Research business and once again enhanced our expertise as a partner to the pharma and cosmetics industry. This is in line with the VISION we are energetically working toward. We are helped in this by our guiding principles – our MISSION. More on this on the following pages.

OUR VISION

Gerresheimer will become the leading global partner for enabling solutions that improve health and well-being. Our success is driven by the passion of our people.

OUR MISSION

We will achieve our vision by:

p. 12 + 16 + 22

- UNDERSTANDING OUR CUSTOMERS and providing them with solutions to both their present and future needs

p. 10

- living our commitment to excellent QUALITY and continuous INNOVATION

p. 14

p. 18

- leveraging our COMPETENCE and technological leadership by acting as one global team
- becoming a preferred employer with highly motivated and passionate EMPLOYEES all over the world

p. 22

and, in so doing, by

p. 26

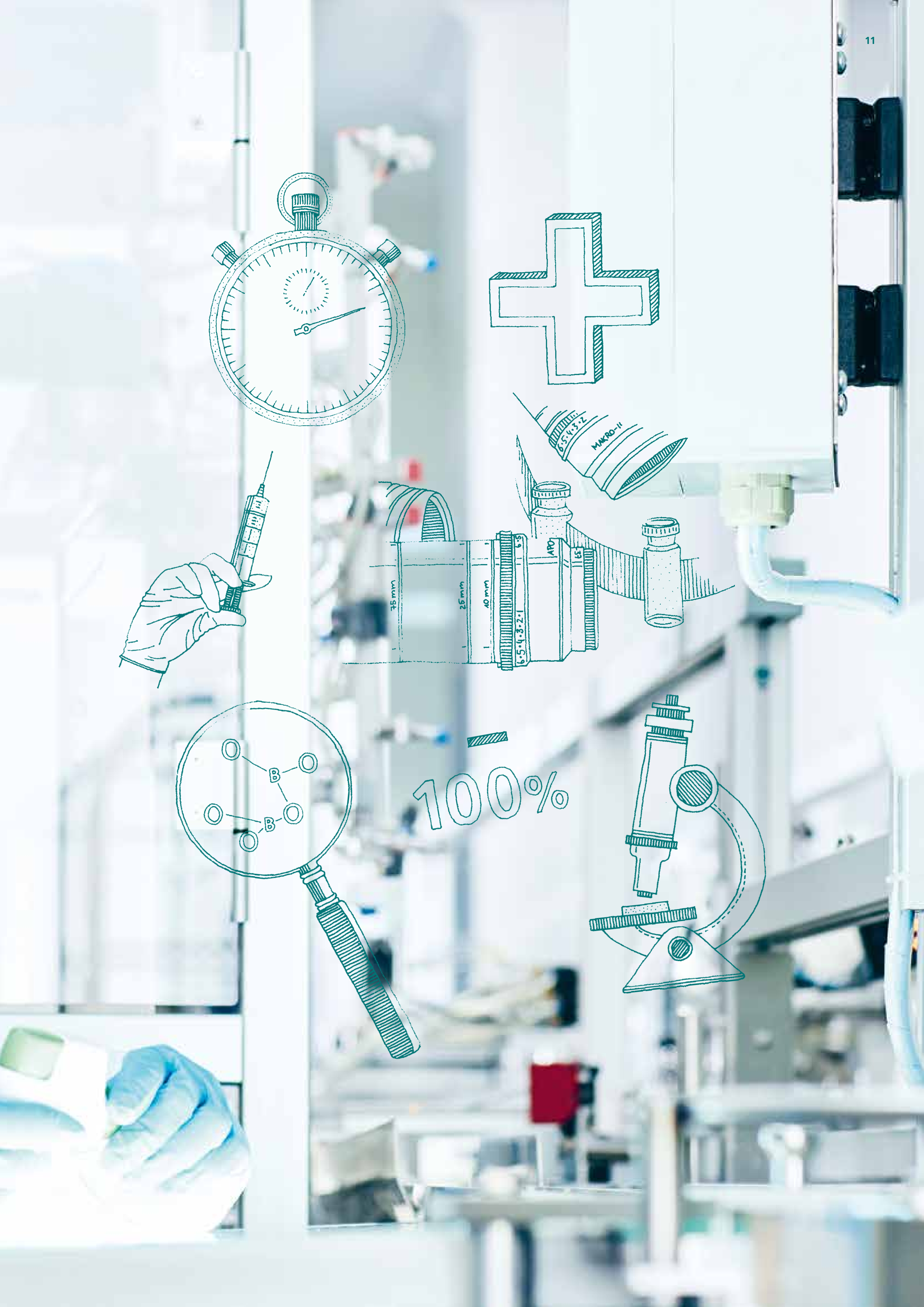
- expanding our GLOBAL REACH and creating profitable and sustainable growth

I AM QUALITY

VACLAVA VACHALOVA

**Head of Operational Excellence
Horsovsky Tyn (Czech Republic)**

She sees everything. And that is precisely her job: ensuring strict compliance with processes, maintaining optimum workflows, using the right methods and tools, and improving continuously.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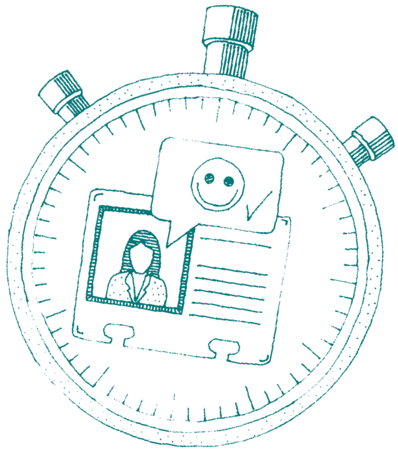
UNDERSTANDING OUR CUSTOMERS
TOP QUALITY



Our customers expect excellent quality. We strive with all our energy each and every day to produce completely flawless products.

First of all, our products are primary packaging, which means they come into direct contact with the drugs. There is no room for error. Every child who participates in the flu vaccination program in the fall should receive an unadulterated vaccine. And every diabetic should be able to reliably measure their blood sugar level and accurately dose and administer their insulin without pain.

And second of all, delivering flawless products on time is crucial to making our direct customers happy. Because our pharma and cosmetics customers expect top quality and absolute reliability – no risk and no surprises. So all medicines are available punctually for patients in pharmacies and hospitals worldwide. Of course, our customers want more than this from us. They expect us to demonstrate a clear customer focus, excellent responsiveness, decent prices and plenty more besides. But product quality and reliability as regards all deadlines are the top priorities. This was confirmed again by the global customer satisfaction survey we conducted in spring 2016.

Product quality and compliance with all deadlines – our customers' top priorities

We are aware that quality is the responsibility of every employee. It really does come down to each and every individual, not just the quality managers. The plant managers, the machine operators, the shop floor workers, the packers – on day or night shift, every employee is called upon to show initiative to prevent quality failures arising in the first place. And, when they do occur, to ensure that they are stopped and not delivered. "Quality in everything" is our guiding principle. We focus all our efforts on producing flawless products, backed by our state-of-the-art inspection systems, so that only products in perfect condition leave our warehouses for delivery to customers.

OUR QUALITY STRATEGY

- Delivering best-in-class products, solutions and services
- Fostering a quality-driven culture
- Making it easy for customers to work with Gerresheimer
- Taking a proactive approach to customers
- Ensuring minimum requirements for customer-related quality processes
- Complying with relevant standards and norms in every market segment

It is important that each individual product is always produced in precisely the same way, on all machines, at all plants, on all shifts. Our challenge is to control the processes from end to end, and to standardize them at the highest level.

The Quality Council is comprised of experts from all divisions and regions. Together, they have developed and implemented the guiding principles, quality processes, KPIs and reporting. The first element of our quality strategy – best-in-class products, solutions and services – is an ongoing task that must be performed by all employees, every minute, around the clock. The second element – fostering a quality-driven culture – needs to be addressed again and again. To this end, there will be a campaign in 2017 targeted at all employees.

Putting employees at the center of responsibility for quality is one side of the coin. The other side is ensuring the right technological framework is in place. This is the purpose of our investments, year after year, whether in creating more and better clean-room capacity, in the best, globally standardized production technology, or in the best inspection systems to rigorously check our products.

Responsible employees with a strong culture of quality, together with the appropriate production technology, are the key to our claim to excellent quality. And thus for high levels of customer satisfaction.

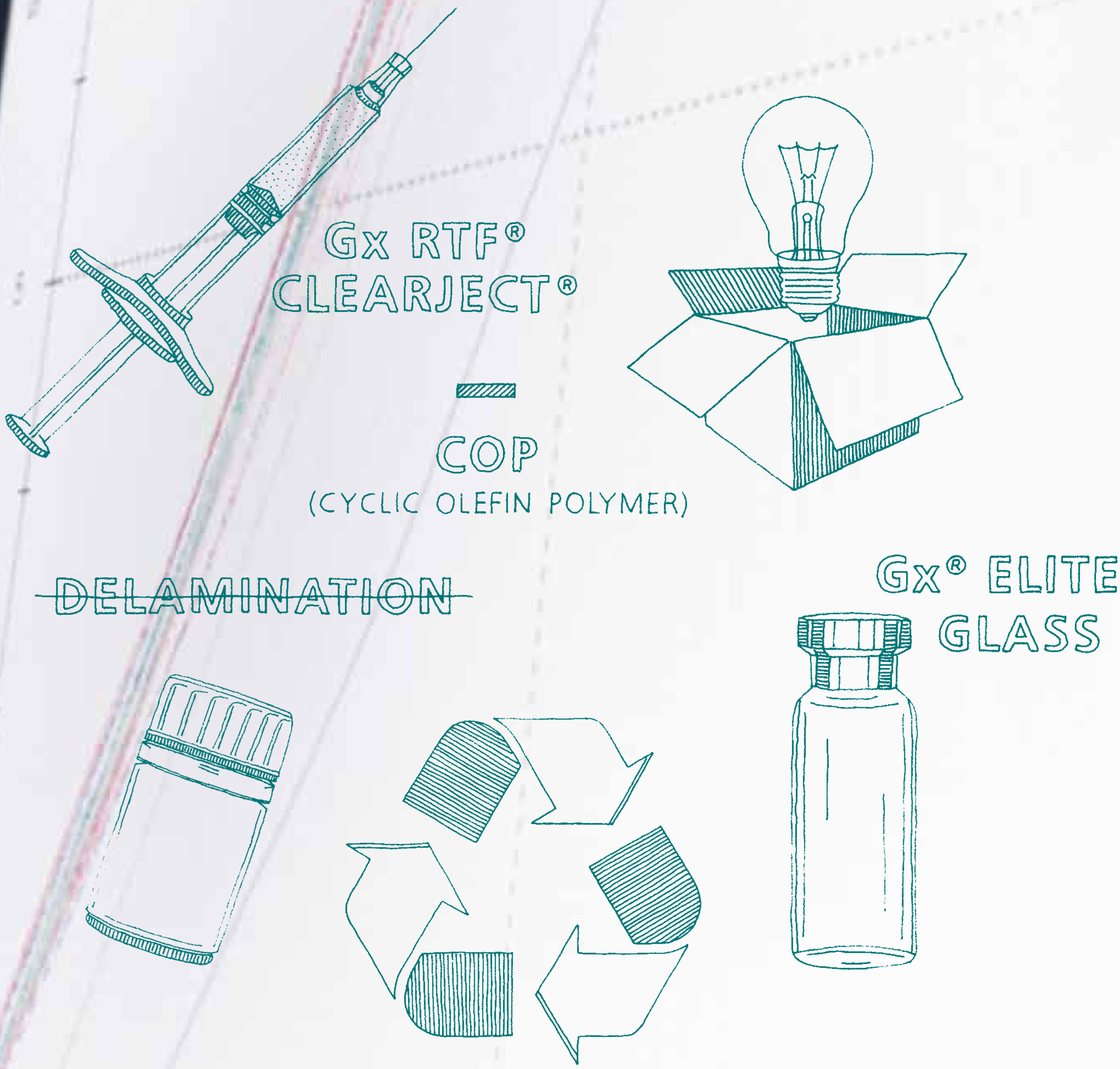
For more information, see page 26 and the Management Report, page 67

CLAUDIA PETERSEN

Global Director Business Development Medical Systems

Knows the pharma industry inside out and listens carefully to our customers' needs. Provides expert advice and shares ideas with the product development team as well as with the Company in general. Not just for prefillable glass and plastic syringes, but also for accessories, injection vials and more.

I AM INNOVATION



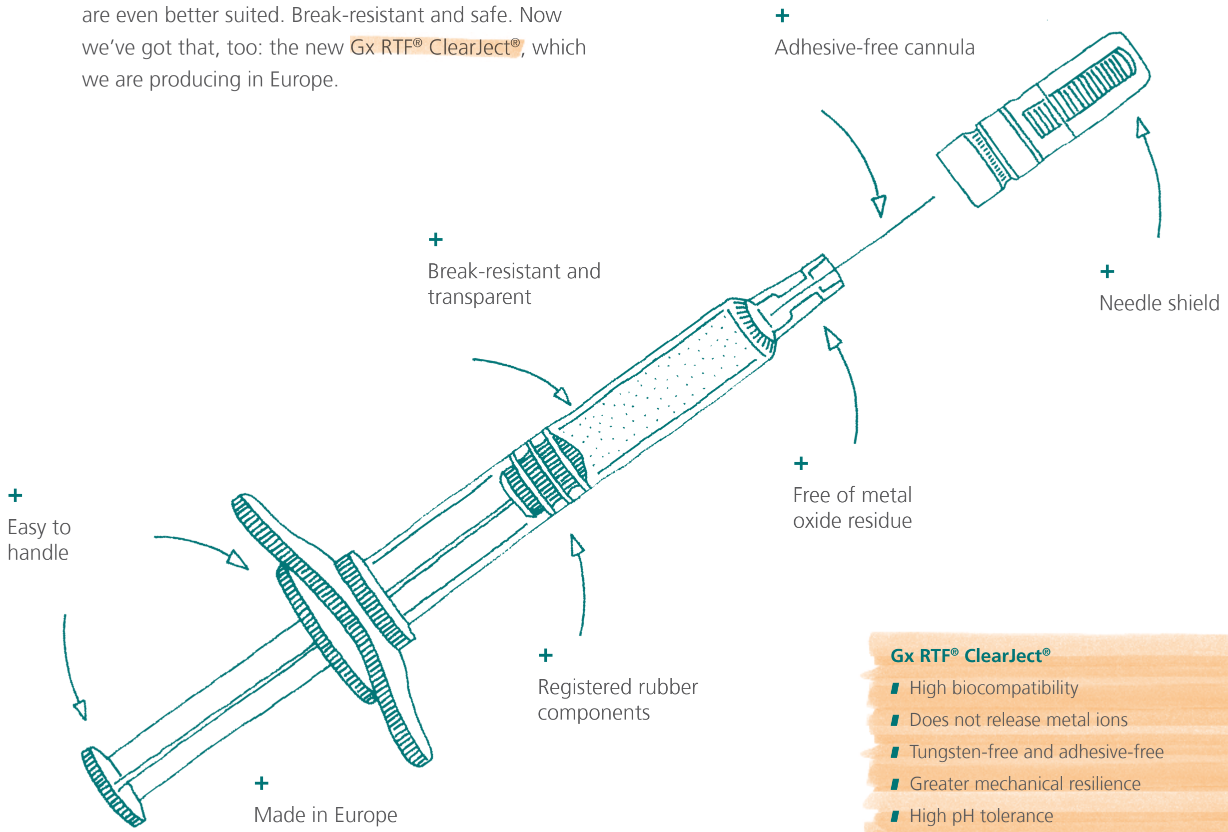
WE GROW WITH OUR IDEAS

Glass has been the tried-and-trusted packaging for medicines and cosmetics for thousands of years. And plastic has also been around for a long time and is often a good alternative to glass. But we will not stand still. After all, our customers aren't standing still, either. We want to offer them solutions for their current and future needs.

New drugs – new requirements for primary packaging, i.e., everything that comes into contact with the drugs. New cancer medicines, drugs produced using biotechnology – we constantly strive to create the best packaging for medicines with even the most exacting requirements. Innovations in products, materials, processes and advances in quality are what move us and drive us.

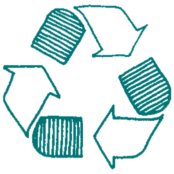
NEW COP SYRINGE – BREAK-RESISTANT AND SAFE

A number of new drugs need to be administered by injection, many of them particularly sensitive and exacting. For these drugs, we offer a wide range of prefillable glass syringes. But sometimes, prefillable syringes made from the high-performance plastic COP (cyclic olefin polymer) are even better suited. Break-resistant and safe. Now we've got that, too: the new Gx RTF® ClearJect®, which we are producing in Europe.



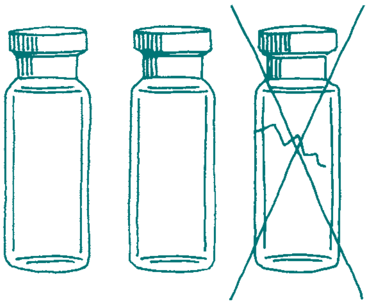
Gx RTF® ClearJect®

- High biocompatibility
- Does not release metal ions
- Tungsten-free and adhesive-free
- Greater mechanical resilience
- High pH tolerance
- Break-resistant



ALL GREEN – INCLUDING THE PLASTIC

We currently manufacture our plastic packaging for tablets, eye drops and other medicines quite conventionally from plastic granules. The raw material is PE and PET, which is made from mineral oil. Isn't there a green option? Of course. The plastic granules can also be made from renewable raw materials. For example, from cane sugar plants. Our BioPack products are just as high-performance and recyclable as the originals made from conventional plastic. And our customers do not need to change their filling and packaging lines, as the dimensions and properties of the plastic containers remain the same, regardless of whether the pill bottle is made from conventional plastic or biomaterials.



Glass – handle with care! The tiniest scratches and flaws in the glass can cause problems with the drugs or on the filling line. We have the answer.

MORE POTENTIAL IN GLASS

Sometimes you just have to go back to the drawing board to come up with a truly inspiring idea. That is just what we did, developing a new glass quality called simply Gx® Elite Glass. Many small and larger adjusting screws play an important role in the manufacturing process for injection vials. We turned and tested and turned them again until we were happy with the result. To name just one example, there is now no longer any glass-to-glass contact in the production line, because even this can cause minute scratches. The result is glass vials that are much more break-resistant, virtually free of cosmetic flaws and protected against glass corrosion, referred to by the experts as delamination. So when our customers want particularly robust, high-quality injection vials, we provide them with Gx® Elite Glass on their filling lines.

Gx® ELITE GLASS

- Extremely robust injection vials
- Much more break-resistant
- No glass-to-glass contact
- No cosmetic flaws
- Protection against glass corrosion (delamination)

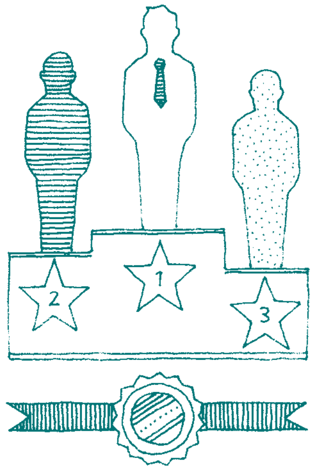

I AM
COMPETENCE
TEAMWORK
CAD SOFTWARE
COMPUTATIONAL
FLUID
DYNAMICS

MARTIN RINALDI

Hot End Machine Operator
Lohr (Germany)

Martin Rinaldi has just completed his training as a process technician – at the top of his class, with an award from the Wuerzburg-Schweinfurt Chamber of Industry & Commerce. He enjoys his job, which involves plenty of variety, despite the heat and noise at the hot end of the production line. His next goal is to gain a further qualification as a master craftsman.

OUR CORE COMPETENCY



Our trainees today are our experts tomorrow. That includes Martin Rinaldi. He and another colleague from the molded glass plant in Lohr were the best in their year for the Chamber's entire district. They both learned the basic skills needed for glass production from their long-serving colleagues. Knowledge transfer from old to young, from experienced workers to beginners.

First-rate training

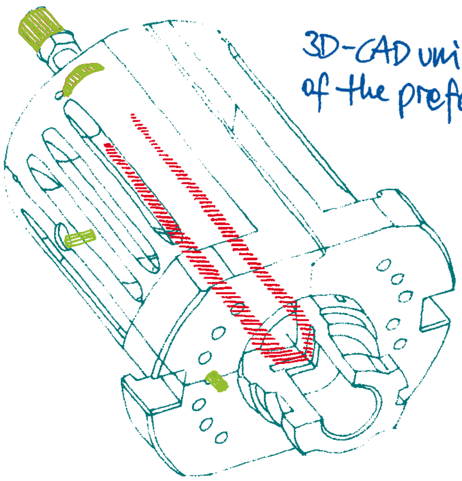
Their counterparts in plastics at Pfreimd and Wackersdorf can be just as proud. Their job description is process mechanic for plastic and rubber technology. One of our co-op students from Wackersdorf came in first Germany-wide, and two trainees placed second and third. We prefer to train our own experts of tomorrow, and have a long tradition of doing so.

DIGITAL BOTTLE

One success story that comes down to our experts' skill is the digitization of glass forming. Glass production always starts with the construction of a mold. The more precise the mold, the better the quality of the bottle. Within the mold, even distribution of the molten glass is the key to success. While production used to require different molds and test runs, a bit of trial and error so to speak, our experts have now digitized the entire process. They have adapted simulation software to our needs. Computational fluid dynamics is what the experts call it – and it's all on screen, i.e. virtual, without using real molds and glass. What they simulate and test is then sent directly via an interface to the three-dimensional CAD software for mold design. This cuts development time by 70%. Can you buy the program off the shelf? No. But we have it. And by no means just for products at the plant in Lohr, but also for all its sister plants worldwide. We already have pharma bottles completely under control. Our next challenge is to use the simulation for the most extravagant perfume flacons as well.

It goes without saying that our plastics experts in Wackersdorf, for instance, work with similar systems and simulations. Our specialists in tooling and mechanical engineering for plastic injection molding aren't about to let anyone get the jump on them.

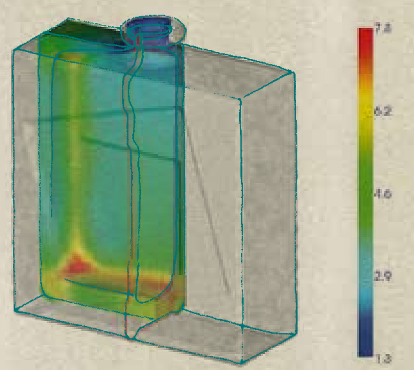
More information in the Management Report, page 64



3D-CAD unit of the preform process

SIMULATION SOFTWARE

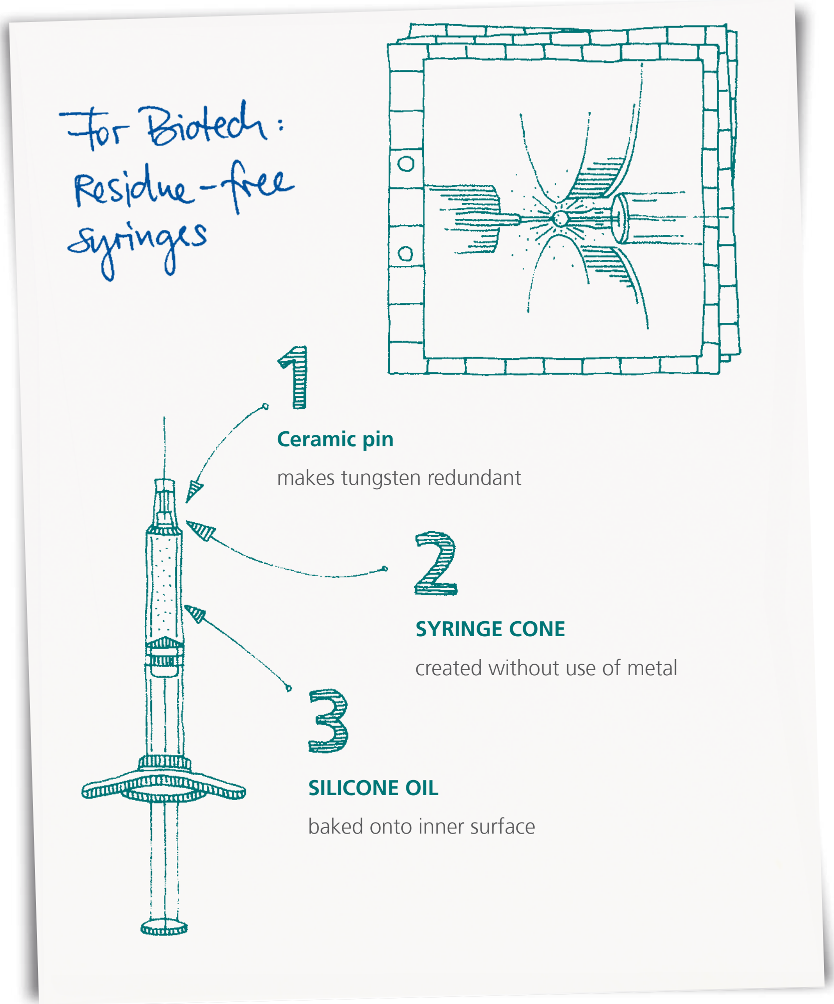
Result of the process simulation – analysis of temperature distribution



METAL AND SILICONE CAUSE PROBLEMS – TIME TO GET RID OF THEM

A parallel example is the teamwork among our syringe experts in Buende (Germany). When prefillable glass syringes are no longer adequate for certain medicines – such as with biotech – new solutions are developed. Metal-free, for example. Sounds strange, but it is a problem for some drugs. To create the syringe cone, you need a tungsten pin, which can leave behind undesirable residues. So the team from Buende has developed a ceramic pin. The result? No more residues. There is also the silicone oil that's needed in the syringe barrel to ensure optimum sliding and emptying of the syringe: If particles of silicone oil cause problems, the oil is simply baked onto the inner surface by heating. Sounds simple, but it called for a long development process. We can now offer this to our customers for their biotech drugs.

More information in the Management Report, page 64



LIFE SCIENCE RESEARCH NOT CORE BUSINESS

In 2007, we merged our production of laboratory glassware with Chase Scientific's plants. The joint venture Kimble Chase was born. And it successfully made all the glass things, big and small, that laboratories and institutions need: beakers, Erlenmeyer flasks, measuring cylinders, culture tubes, pipettes, chromatography vials and much more besides. Primarily for the US market. It had been clear for quite some time that the overlap and synergies with our core business were limited. Different customers and markets, different products and different technology. So it was a logical step to sell our laboratory glassware business to the Duran Group, also a specialist in laboratory glassware, in 2016. Duran has significantly strengthened its positioning with the five plants in the USA, Mexico, Germany and China. And we can focus on our core competency: manufacturing primary packaging and drug delivery systems for the pharma and cosmetics industry. Period.

More information can be found in the Management Report on page 44

MEHRAN NILCHIAN, CARINE COELST, RIZOS MATIKAS

Sales
Primary Packaging Glass Europe

Mehran Nilchian, Carine Coelst and Rizos Matikas have Iranian, Korean and Greek roots among them. And all three are specialists in pharma and cosmetics packaging. Carine Coelst is committed to meeting customer needs in Momignies (Belgium). Mehran Nilchian works in the sale of pharma bottles not just in Europe, but also in the Middle East and North Africa. And after two years in India, Rizos Matikas has just returned to Germany full of impressions and fresh ideas. Their shared mission: to understand our customers' needs.

WE UNDERSTAND OUR CUSTOMERS

WHAT OUR SUCCESS IS BUILT ON

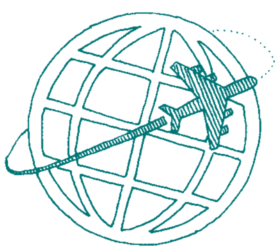
Every year, we invest millions in new machinery, technologies and capacity expansion. But all this would mean nothing without the 10,000 or so employees who work day in, day out to ensure the Company's success. "Our success is driven by the passion of our people," is how we have worded it in our vision. A clear statement.

Rizos Matikas

Rizos Matikas, for example: This native of Greece worked for many years in sales in Germany and Europe. Then he went to India for two years for us, to develop sales there with the new subsidiary in Kosamba. That takes passion. Or when David Matthews and colleagues (see page 26) fly to a different factory around the world practically every other week to pass on their knowledge to other machine operators. That also takes passion. Fortunately, passion is one thing the majority of our 10,000 staff have plenty of.

EXPORTING OUR CO-OP EDUCATION PROGRAM TO THE CZECH REPUBLIC AND GEORGIA (USA)

Guided by one goal and a shared passion, employees in Horsovsky Tyn (Czech Republic) have spent the past five years setting up an exemplary system of vocational training and education. With the support of their Gerresheimer neighbors in Pfreimd and Wackersdorf (Germany), they brought the know-how of the German co-op system of vocational training and education to the Czech Republic. And despite a number of difficulties, stumbling blocks and teething troubles, they have set up a co-op program that is unparalleled in the Czech Republic. That's because we prefer to train our own, up-and-coming talent wherever possible so we can pass on the knowledge in our Company from old to young.



We also want to establish a similar system at our plant in Peachtree City (Georgia/USA). The plant is currently expanding rapidly thanks to a major deal for the production of inhalers for the US market. The local workforce of currently 120 staff is set to expand to 200 within the space of one year. In-company training got the green light some time ago. It's even receiving support from the state of Georgia, whose Governor Nathan Deal came to Duesseldorf in person to see our co-op training program for himself. Training and HR staff in Wackersdorf and Pfreimd also played host to experts from Georgia's technical colleges. At this rate, our plant in Peachtree City will soon be enjoying the same success in training as its counterpart in the Czech Republic.

Reception for the Governor of Georgia (USA)

AWARD

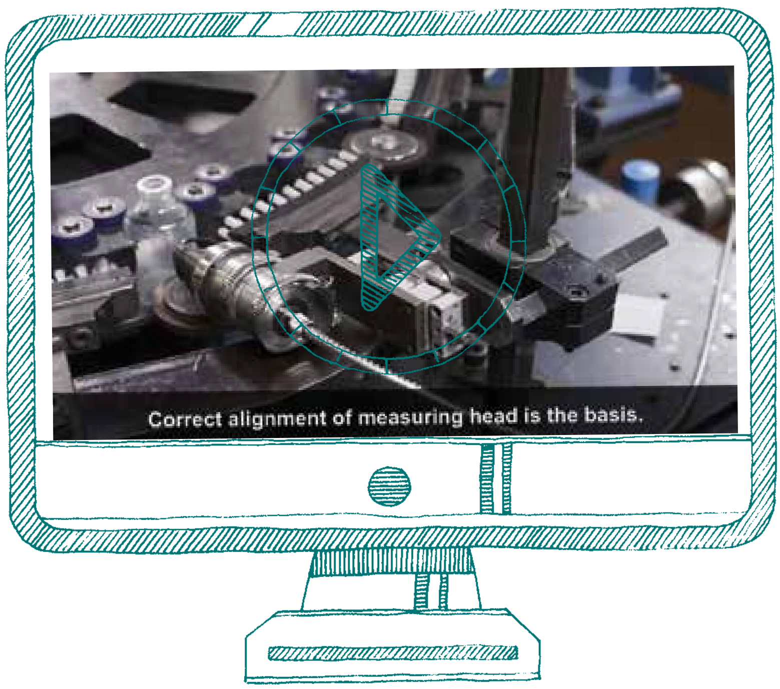
Focus, Xing and kununu have named us "TOP national employer" in 2016. A resounding success for all of us. And it's not just a flash in the pan, either – we are proud to bear the title also in 2017.

YOUTUBE AT THE MACHINE

Vocational training, co-op degree programs, in-company continuing education – these are all hugely important building blocks when it comes to honing our staff's skills. But how does it work in real life? Of course, there are the traditional training courses and manuals. But is that the best, most effective way to go in this day and age? At the point where we melt glass and shape it into bottles for cough and flu medicines, every move matters. Especially when we need to reconfigure machines to produce a different type or size of bottle. A delicate mission that is also time-critical. Even the tiniest errors made in the reconfiguration can lead to defective bottles. That's not what we want, it's not what our customers want, and it's certainly not what the patients want.

This is why we have just started using video tutorials to provide training modules and instructions right at the workstation. More images, fewer words: It makes all the more sense when the same machines and inspection systems are in universal use. The content remains the same, only the language changes. This will be a help not just to young employees but to everyone. You could call it sharing knowledge between old and young via YouTube.

What's more, Gerresheimer has just started using video tutorials to provide training modules and instructions right at the workstation.




I AM
GLOBAL REACH
FDA
ISO 9001
ISO 13485

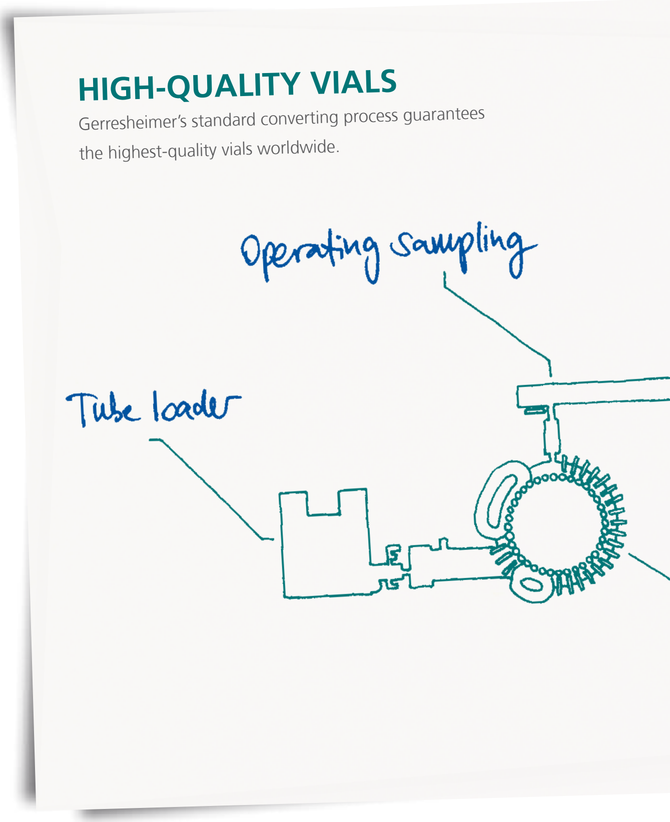
DAVID MATTHEWS

Trainer, Morganton (North Carolina/USA)

David Matthews knows the new vial machinery inside and out. His job is to pass on this knowledge to colleagues who use the same machinery at other plants across the globe. That’s why he is regularly to be found, for example, on the shop floor of the plant in Boleslawiec (Poland).

AROUND THE GLOBE

Since 2014, we have been investing in the latest generation of machinery that turns glass tubes into injection vials and then inspects and packages them. The project, running into the millions, began in Morganton in the US Midwest. That is where our experts are to be found. David Matthews is one of them.



FROM THE MIDWEST TO THE WORLD

They know these machines like the back of their hand. Their development, operation and maintenance, in all their nuances and possibilities. Of course, all this has been documented. But it's much better when the knowledge is passed on in person. And that's what the trainers do. They make regular visits to the sister plants in Forest Grove (New Jersey/USA), and Queretaro (Mexico), where they train the local machine operators and jump in on occasion when time is tight. David Matthews does the same thing at the plant in Boleslawiec (Poland). And the same machinery is used everywhere. Rollout is already complete in the USA and Mexico. In Poland, it is in full swing, so there is a great deal of work to do. And that won't change any time soon because the machinery is also to be used at our plants in Asia in the future. For us, a global presence means using the same kind of machinery, inspection systems and processes all over the world. But a global presence also means that those who are most capable pass on their knowledge.

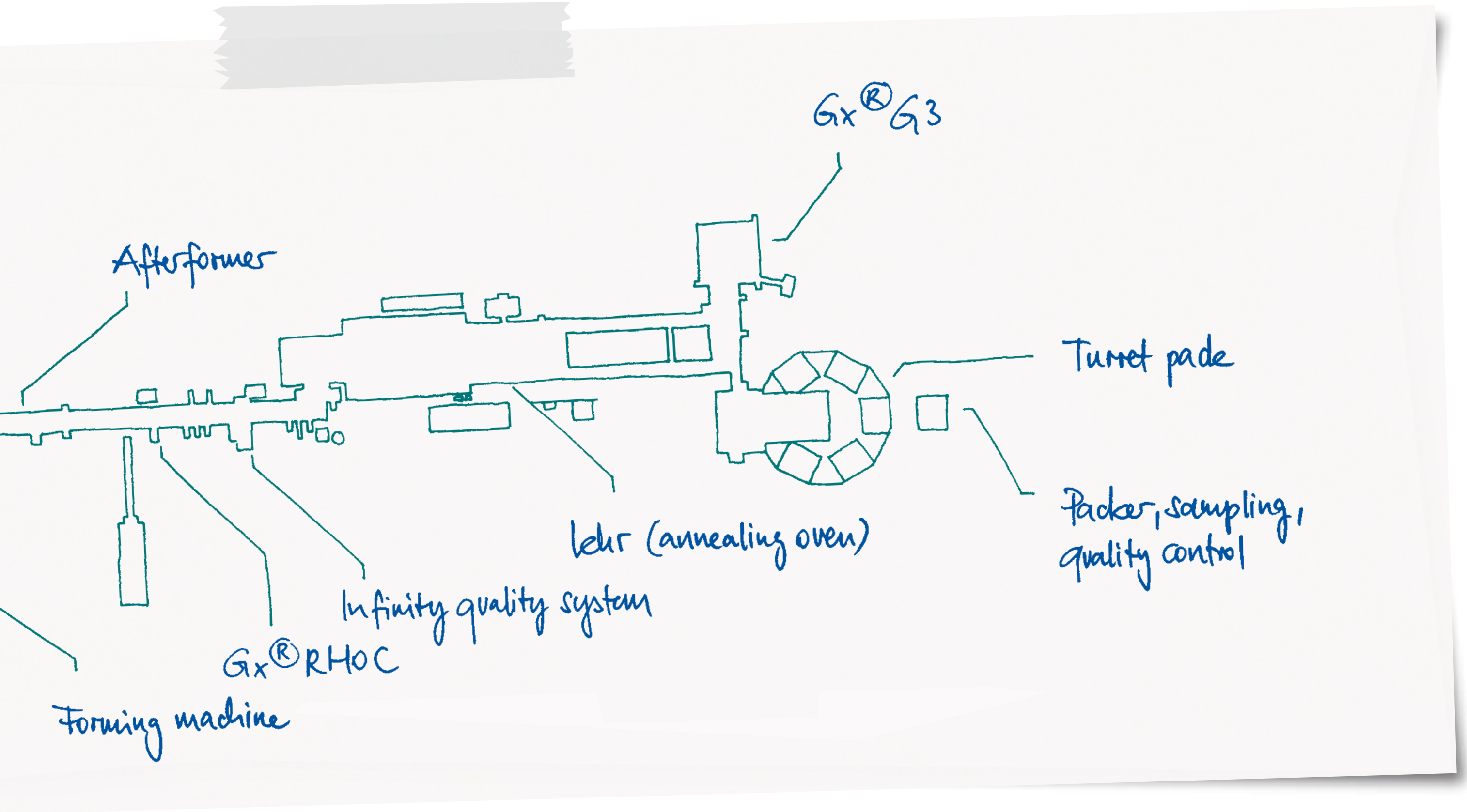
GLOBAL MACHINE STRATEGY

All this is not an end in itself. We have set ourselves the goal of producing significantly improved injection vials. Naturally of the highest quality. And regardless of where our customers purchase them. This is the focus of each stage of production. And there are ten of them. The first stages are about forming glass tubes into millimeter-accurate injection vials. Then come the first inspections, followed by the lehr. Then on to the clean room for more automatic inspections and final packaging. Incidentally, our customers can not only see this for themselves on site; they can also learn all about it from large information boards. Measuring several square meters each, the boards mounted next to the machinery explain each step in detail.

ANNIVERSARIES AND MORE IN CHINA

"Round" long-service anniversaries are the order of the day at all our plants around the world – including in China, where we have had a successful presence for ten years now. In 2006, we acquired a majority stake in Shuangfeng, an established manufacturer of injection vials and ampoules. It has since grown into a small group, now with three plants a few hundred kilometers from Shanghai, and with more than 1,000 employees. The vials and ampoules are delivered to customers all over China. We need to stay one step ahead of the Chinese regulatory authorities' ever more stringent demands, as well as those of our customers in China. To this end, a great deal has been invested over the years in production and staff training. And with their certifications such as ISO 9001, 14001, 15378 and others, they can also prove their compliance with international standards.

For more on quality and certifications, see page 67



Our staff in Dongguan City have already celebrated their tenth anniversary. This location is important for medical plastic systems. It started out as a small production plant with 50 employees and has since grown to incorporate all kinds of production lines, with 150 employees and an adjacent development center. The employees deliver the highest quality. Naturally, they are also certified (ISO 9001, ISO 13485). And even the highly critical inspectors from the US Food and Drug Administration (FDA) certified our absolute compliance in Dongguan. So it stands to reason that our products from Dongguan are sold and used worldwide, including in the USA.

In fall 2016, the staff at Dongguan, Gerresheimer Shuangfeng and Plastic Packaging came together to host a major customer day. The conference day in Nanjiang was followed by a visit to the plant at Gerresheimer Shuangfeng. The response from existing and potential new customers was overwhelming. This is important for us, because in many ways this region still holds plenty of potential for growth: through greater revenues, i.e., higher volumes from both of the "old" plants; through the development of neighboring markets in Southeast Asia; and by introducing production processes and products we do not yet have in China and Southeast Asia.

Our plant in Dongguan

REPORT OF THE SUPERVISORY BOARD

› **Dr. Axel Herberg**
Chairman of the Supervisory Board

In the financial year 2016, the Supervisory Board devoted considerable time and attention to the Company's position and fulfilled its obligations under the law, the Company's Articles of Association and the Rules for the Supervisory Board. Those obligations include consultations on the basis of prompt, regular and comprehensive information provided by the Management Board, involvement of the Supervisory Board in decisions of material importance for the Company and the necessary supervision of management.

The Supervisory Board ensured that it was informed in detail about the Company's business development and financial position, including the risk situation, risk management and compliance. After thorough examination and discussion, the Supervisory Board voted in four meetings on the reports and proposed resolutions submitted by the Management Board to the extent required by law, the Company's Articles of Association and the Rules for the Management Board. In addition, the Chairman of the Supervisory Board was in regular contact with the Management Board and in particular its Chairman. He was regularly and promptly informed by the latter about important developments and upcoming decisions.

PERSONNEL CHANGES ON THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the financial year 2016, the Company's Supervisory Board consisted of Dr. Axel Herberg as Chairman, Francesco Grioli as Deputy Chairman, Sonja Apel (until December 31, 2015), Andrea Abt, Lydia Armer, Dr. Karin Dorrepaal, Eugen Heinz, Seppel Kraus, Katja Mögel (since January 20, 2016), Dr. Peter Noé, Markus Rocholz, Theodor Stuth and Udo J. Vetter.

Throughout the year under review, the Company's Management Board consisted of Uwe Röhrhoff as CEO, Rainer Beaujean and Andreas Schütte. There were no changes to the membership of the Management Board during the period.

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board met four times in the year under review. The regular discussions held by the full Supervisory Board covered the revenue and earnings performance of the Company as a whole and of the individual divisions. Furthermore, important strategic projects were reported and discussed.

At the Supervisory Board meeting on February 10, 2016, the Annual Financial Statements and Management Report of Gerresheimer AG, the Consolidated Financial Statements and the Group Management Report for the financial year 2015, the proposal for appropriation of retained earnings and the Report of the Supervisory Board were approved. The Annual Financial Statements were thereby adopted. At the same meeting, the Supervisory Board adopted its proposals for resolutions to be put to the Annual General Meeting on April 28, 2016.

In its meeting on June 9, 2016, the Supervisory Board extended the appointment of Andreas Schütte as member of the Management Board.

The main focus of the Supervisory Board meeting of September 8, 2016 was the corporate strategy drawn up by the Management Board, which was afforded considerable time and attention. A further focus was the approval for the sale of the Life Science Research Division. The Supervisory Board also dealt at this meeting with the annual declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz) and the engagement of the auditor for the financial year 2016.

Likewise in the September 8, 2016 meeting, the shareholder representatives on the Supervisory Board declared their rejection of joint compliance with the gender quota pursuant to section 96 (2) sentence 3, AktG, for the upcoming election of Supervisory Board members whose term of office commences at the end of the Annual General Meeting on April 26, 2017.

The main items dealt with at the Supervisory Board meeting on November 23, 2016 were the Group's medium-term planning and the approval of the budget for the financial year 2017 along with consultation on the outcomes of the efficiency review.

All members of the Supervisory Board took part in all Supervisory Board meetings in the financial year 2016.

MEETINGS OF THE COMMITTEES

To ensure that its duties are performed efficiently, the Supervisory Board has set up four committees: the Mediation Committee in accordance with section 27 (3) of the German Codetermination Act (Mitbestimmungsgesetz), the Presiding Committee, the Audit Committee and the Nomination Committee. These committees prepare topics for resolution by the full Supervisory Board and, in certain cases, also have authority to take decisions autonomously. The Mediation Committee and the Presiding Committee each consist of two shareholder representatives and two employee representatives. The Audit Committee also has an equal number of shareholder and employee representatives and comprises six members. The Nomination Committee has three members and consists solely of shareholder representatives.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions, notably the appointment and dismissal of Management Board members as well as decisions regarding the remuneration of Management Board members. In place of the Supervisory Board, the Presiding Committee decides on the signing, amendment and termination of the service contracts of Management Board members, except in the case of remuneration issues requiring the approval of the full Supervisory Board. The Presiding Committee met on four occasions during the reporting year on April 4, 2016, September 8, 2016, November 15, 2016 and November 22, 2016, and primarily addressed succession planning for the Chairman of the Management Board and the extension of Andreas Schütte's appointment as member of the Management Board. The Presiding Committee also gave consent by written circular resolution on October 17, 2016 for Uwe Röhrhoff to serve as non-executive director of a company outside of the Gerresheimer Group.

In particular, the responsibilities of the Audit Committee include preparing Supervisory Board decisions on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements as well as discussing the quarterly financial reports and the half-year financial report. The Audit Committee's remit also includes monitoring the accounting process, the effectiveness of the internal control system, risk reporting and the risk management system, the internal audit system and compliance. The Audit Committee met four times, on February 9, 2016, April 12, 2016, July 6, 2016 and October 5, 2016. Its discussions focused on the reports on the audit of the Annual Financial Statements and Consolidated Financial Statements for the financial year 2015 as well as the quarterly financial reports and half-year financial report for 2016. The Audit Committee also looked at the independence of the auditor, submitted the recommendation to the Annual General Meeting regarding the election of the auditor, issued the auditor with the audit engagement for the financial year 2016, and set out and monitored the audit process as well as the focal points of the audit, including the agreement on the audit fee. A further topic of consultation was the preparation and conduct of a tendering procedure for audit services for the financial year 2017. In addition, the Audit Committee discussed the effectiveness of the internal audit system as well as compliance at Gerresheimer.

The Nomination Committee recommends suitable candidates to the Supervisory Board for the proposed resolutions the latter puts to the Annual General Meeting for the election of Supervisory Board members as shareholder representatives. It did not meet in the financial year under review.

The Mediation Committee did not meet during the past financial year.

All committee members took part in all Supervisory Board committee meetings in the financial year 2016.

CORPORATE GOVERNANCE

The Supervisory Board continuously monitored the development of corporate governance standards. The Company's Management Board and Supervisory Board report on corporate governance in the Gerresheimer Group on pages 33 to 35 of the Annual Report. On September 8, 2016, the Management Board and Supervisory Board submitted the annual Compliance Declaration in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz) and made it permanently available to shareholders on the Company's website.

CONFLICTS OF INTEREST

Under item 5.5.2 of the German Corporate Governance Code, members of the Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board. No conflicts of interest arose in the financial year 2016.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2016

The Annual Financial Statements and Management Report of Gerresheimer AG and the Consolidated Financial Statements and Group Management Report drawn up by the Management Board for the financial year from December 1, 2015 to November 30, 2016 were audited by, and received an unqualified auditor's opinion from, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf.

The Annual Financial Statements and Management Report of Gerresheimer AG, the Consolidated Financial Statements, the Group Management Report, the proposal for appropriation of retained earnings and the auditor's reports for the financial year 2016 were made available to the Supervisory Board for examination. The Audit Committee discussed and examined the documents in detail at its meeting on February 13, 2017 and issued recommendations on resolutions to the Supervisory Board. The latter examined the Annual Financial Statements and Management Report of Gerresheimer AG, the Consolidated Financial Statements, the Group Management Report, the proposal for appropriation of retained earnings and the auditor's reports on these at the Supervisory Board meeting on February 13, 2017. The auditor attended the meetings of the Audit Committee and the Supervisory Board, reported on the conduct and main findings of the audit and was available to answer questions.

On completion of the examination by the Audit Committee and on completion of its own examination, the Supervisory Board approves the auditor's findings and declares that there are no objections to be raised. The Supervisory Board has adopted the Annual Financial Statements and approved the Consolidated Financial Statements. The Supervisory Board concurs with the Management Board's proposal for appropriation of retained earnings.

The Supervisory Board thanks the Management Board and all employees of Gerresheimer AG and its affiliated companies for their contribution to the Gerresheimer Group's successful performance in the financial year 2016.

Duesseldorf, February 13, 2017

Dr. Axel Herberg
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

Gerresheimer AG identifies with the objectives of the German Corporate Governance Code and the principles of transparent and responsible management and supervision of the Company with the goal of value enhancement. The Management Board, the Supervisory Board as well as all executives and employees of Gerresheimer AG are obligated to pursue these objectives and principles. With one exception, Gerresheimer AG complies with all recommendations of the German Corporate Governance Code as amended on May 5, 2015.

MANAGEMENT BOARD

The Management Board of Gerresheimer AG consists of a minimum of two members. The Supervisory Board decides on the number of Management Board members subject to this proviso. The Supervisory Board nominates one Management Board member as chairman of the Management Board or as its spokesperson. The Management Board manages the Company autonomously. In so doing, it is bound to act in the Company's best interests and obligated to increase shareholder value on a sustainable basis.

The Management Board informs the Supervisory Board regularly, promptly and comprehensively of all issues relevant to the Company with regard to planning, business performance, the risk situation, risk management and compliance. Some of the key transactions and measures provided for in the Rules for the Management Board require the prior consent of the Supervisory Board.

The composition of the Management Board in the financial year 2016 is presented on page 145 of the Annual Report.

SUPERVISORY BOARD

The Supervisory Board of Gerresheimer AG consists of twelve members, half of whom represent the shareholders and half the employees. The shareholder representatives are generally elected by the Annual General Meeting and the employee representatives by the employees. The term of office of the current Supervisory Board members extends until the end of the Annual General Meeting on April 26, 2017.

The Supervisory Board monitors and advises the Management Board in running the business. To fulfill its duties, the Supervisory Board regularly discusses business performance as well as planning, strategy and strategy implementation with the Management Board. The Supervisory Board approves the annual budget drawn up by the Management Board and decides on adoption of the Annual Financial Statements as well as approval of the Consolidated Financial Statements of Gerresheimer AG, notably taking the auditor's reports into account. The Supervisory Board also decides on the appointment and dismissal of Management Board members and their remuneration. In the event of a tied vote in the Supervisory Board, the Chairman of the Supervisory Board will have two votes if a new ballot on the same matter is held and there is still a tie.

The composition of the Supervisory Board in the financial year 2016 is presented on pages 144 and 145 of the Annual Report. By court decision of January 20, 2016, Katja Mögel was appointed member of the Supervisory Board as employee representative in place of Sonja Apel, who stepped down as of December 31, 2015.

The work of the Supervisory Board is supported by committees. According to the Rules for the Supervisory Board, the following Supervisory Board committees must be formed:

The Mediation Committee, set up in accordance with section 27 (3) of the German Codetermination Act, presents proposals to the Supervisory Board for the appointment of Management Board members if the required majority of two-thirds of the votes of the Supervisory Board members is not obtained in the first ballot. In the past financial year, the Mediation Committee consisted of Dr. Axel Herberg (Chairman), Dr. Karin Dorrepaal, Francesco Grioli and Eugen Heinz.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions. In place of the Supervisory Board, the Presiding Committee decides on the signing, amendment and termination of the service contracts and pension agreements of Management Board members, except in the case of remuneration issues requiring the approval of the full Supervisory Board. Furthermore, the Presiding Committee is responsible for approving transactions between the Company and members of the Management Board. The Presiding Committee also decides on the approval of contracts with Supervisory Board members in accordance with section 114 of the German Stock Corporation Act and on granting loans to the group of persons specified in sections 89 and 115 of the German Stock Corporation Act. In the past financial year, the Presiding Committee was composed of Dr. Axel Herberg (Chairman), Lydia Armer, Francesco Grioli and Udo J. Vetter.

The Audit Committee prepares, among other things, the Supervisory Board's decisions on adoption of the Annual Financial Statements, approval of the Consolidated Financial Statements, the proposal for the election of auditors at the Annual General Meeting, and the agreement with the auditor. Furthermore, the Audit Committee discusses the quarterly financial reports and the half-year financial report. It takes appropriate measures to establish and monitor the independence of the auditor. The Audit Committee also supports the Supervisory Board in monitoring the management. In this context, the Audit Committee deals with supervision of the accounting process, the effectiveness of the internal control system, risk reporting and the risk management system, the internal audit system and compliance. In the past financial year, the Audit Committee was made up of Theodor Stuth (Chairman), Francesco Grioli, Dr. Axel Herberg, Seppel Kraus, Dr. Peter Noé and Markus Rocholz.

The Nomination Committee presents proposals to the Supervisory Board regarding suitable candidates for its election proposals to the Annual General Meeting with regard to Supervisory Board members as shareholder representatives. In the past financial year, the Nomination Committee was made up of Dr. Axel Herberg (Chairman), Dr. Karin Dorrepaal and Udo J. Vetter.

Pursuant to the German Corporate Governance Code and the Rules for the Management Board and the Supervisory Board, the members of the Management Board and the Supervisory Board must disclose any conflicts of interest to the Chairman of the Supervisory Board. In the event of significant conflicts of interest that are not merely temporary in nature, the Supervisory Board member in question must resign from office. In its report to the Annual General Meeting, the Supervisory Board provides information on any conflicts of interest that have arisen and how they have been handled. No conflicts of interest arose during the reporting period with regard to Management Board or Supervisory Board members.

In compliance with item 5.4.1 of the German Corporate Governance Code, the Supervisory Board in its meeting on September 9, 2015 stipulated the following specific objectives with regard to the composition of the Supervisory Board, supplementary to the requirements for Supervisory Board members under the law and the German Corporate Governance Code:

Knowledge, skills and professional experience
The Supervisory Board must be composed in such a way that its members as a group possess the knowledge, skills and professional experience required to properly complete its tasks. Candidates proposed must have the integrity, commitment, independence and personality to enable them to perform the duties of a Supervisory Board member in the parent company of an internationally operating group and to uphold its good reputation among the public.

The various functional areas of the Company should be represented by individual members of the Supervisory Board of Gerresheimer AG. Each Supervisory Board member should be as specialized as possible in areas of relevance to the Company's business operations. Proposals for candidates to the Supervisory Board should be made such as to ensure a balanced composition with the desired areas of expertise represented on the Supervisory Board as broadly as possible. The objective is for

- at least two representatives of the shareholders to have experience in the fields of business management, strategy and human resources;
- at least one representative of the shareholders to have Company-specific knowledge of the industry; and
- at least one representative of the shareholders to have specific industry knowledge on the customer side.

Independence and conflicts of interest
The Supervisory Board should include independent members in a number it deems to be sufficient. A Supervisory Board member is regarded as independent if that member has no business or personal connection with the Company or its Management Board that constitutes a conflict of interest. In the judgment of the Supervisory Board, former members of the Company's Management Board are not deemed to be independent until five years after leaving office. The existence of an employment relationship between a Supervisory Board member and Gerresheimer AG or a Group company, or the existence of pension commitments with one of these companies for the benefit of a Supervisory Board member, does not in itself constitute such a conflict of interest. In this connection, the Supervisory Board stipulates the following objectives for its composition:

- Supervisory Board members should not perform any functions in a controlling body or any advisory functions for significant competitors of the Company or a Group company;
- Supervisory Board members should not take on any active role with customers or suppliers of the Company or a Group company; and
- at least four out of six representatives of the shareholders on the Supervisory Board should be independent.

Age limit
The term of office of a Supervisory Board member ceases at the end of the first Annual General Meeting following the member's seventieth birthday. The Supervisory Board supports election proposals for candidates who will turn seventy during the statutory election period; however, their terms of office also cease at the end of the first Annual General Meeting following their seventieth birthday.

Internationalism
At least one representative of the shareholders should have several years' professional international business experience or be of foreign nationality.

Diversity
The minimum percentages of women and men on the Supervisory Board follow statutory requirements as amended.

The Supervisory Board in its current composition fulfills all of the above objectives.

ANNUAL GENERAL MEETING

The Annual General Meeting is the representative body of the shareholders and makes fundamental decisions for Gerresheimer AG. These include profit appropriation, formal approval of the acts of the Management Board and Supervisory Board, election of the shareholder representatives to the Supervisory Board and election of the auditor. In addition, the Annual General Meeting decides on amendments to the Articles of Association and key corporate measures, particularly inter-company agreements and conversions, the issue of new shares, convertible bonds and bonds with warrants as well as the authorization to purchase own shares.

The shareholders have the opportunity to exercise their voting rights at the Annual General Meeting themselves or to arrange for these to be exercised through a proxy of their choice or a voting representative of the Company who is bound by instructions. The Annual General Meeting is chaired by the Chairman of the Supervisory Board.

FINANCIAL ACCOUNTING AND AUDITING

Financial accounting in the Gerresheimer Group is based on the International Financial Reporting Standards (IFRS). The Annual Financial Statements of Gerresheimer AG are prepared in accordance with the German Commercial Code (Handelsgesetzbuch/HGB).

The auditor is elected by the Annual General Meeting in accordance with statutory provisions. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf, was appointed as auditor for the financial year 2016. The Supervisory Board commissions the auditor elected by the Annual General Meeting and determines the key audit priorities as well as the fee. It ensures that the auditor's work is not impaired by any conflicts of interest.

The Company has entered into long-term, variable share-based payment agreements ("Phantom Stock Program") with all members of the Management Board. This Phantom Stock Program is presented and published in the remuneration report included in the Group Management Report. In order to avoid unnecessary duplication, the presentation in the Group Management Report is hereby incorporated by reference in this Corporate Governance Report.

RISK MANAGEMENT

Good corporate governance includes responsible management of risks to the enterprise. For this purpose, Gerresheimer AG has set up a systematic risk management system above and beyond the legally required early warning system for going concern risk. The risk management system ensures timely risk identification, evaluation and control. It is subject to continuous improvement, which helps to optimize risk positions.

TRANSPARENCY

Gerresheimer AG communicates openly, actively and comprehensively. It informs shareholders, shareholder associations, analysts and interested members of the public regularly, without delay and on an equal-entitlement basis of the Company's position and of key business changes. The Company's website (www.gerresheimer.com) is one of the primary media used for this purpose. The website contains the annual and interim reports, press releases, ad hoc announcements and other notifications in accordance with the Market Abuse Regulation, the financial calendar and other relevant information. In addition, Gerresheimer AG regularly organizes analyst and press conferences as well as events for investors.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the Supervisory Board in the financial year 2016 is presented and published in the remuneration report included in the Group Management Report. In order to avoid unnecessary duplication, the presentation in the Group Management Report is expressly incorporated by reference in this Corporate Governance Report.

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration paid to the Management Board in the financial year 2016 is likewise presented and published in the remuneration report included in the Group Management Report. In order to avoid unnecessary duplication, the presentation in the Group Management Report is again expressly incorporated by reference in this Corporate Governance Report.

On April 30, 2015, the Annual General Meeting of the Company approved the remuneration system for the members of the Management Board. There have been no changes to the system since.

MANAGERS' TRANSACTIONS/SHARE OWNERSHIP BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

The Company publishes notices of directors' dealings on its website, www.gerresheimer.com, under Investor Relations/Corporate Governance/Managers' Transactions. As of the balance sheet date, Management Board and Supervisory Board members hold less than 1% of shares issued by Gerresheimer AG.

DECLARATION OF COMPLIANCE

Pursuant to section 161 of the German Stock Corporation Act, the management board and supervisory board of listed German stock corporations are required to make an annual declaration of whether the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Law Gazette (Bundesanzeiger) have been and will continue to be complied with, or which recommendations have not been or are not being applied, and the reasons for this.

On September 8, 2016, the Management Board and the Supervisory Board of Gerresheimer AG approved the following, most recent, Declaration of Compliance:

"Declaration of the Management Board and the Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to § 161 of the German Stock Corporation Act.

With the exception of the recommendation of number 5.4.1, paragraph 2 clause 1 Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 5, 2015.

Gerresheimer AG will in the future comply with the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 5, 2015, again with the following exception:

Number 5.4.1 paragraph 2 clause 1: The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board.

Justification: Suitability for performing the duties of the Supervisory Board depends in our opinion solely on respective requirements of the company and the individual competences of the Supervisory Board members. We do not consider it to be meaningful to set a regular limit for length of membership on the Supervisory Board as the expert knowledge of experienced Supervisory Board members should be available to the company."

The preceding Declaration of Compliance dated September 9, 2015 is also available on the Company's website at www.gerresheimer.com.

GERRESHEIMER ON THE CAPITAL MARKETS

STOCK MARKETS STABILIZED IN COURSE OF 2016 MARKET YEAR

The 2016 stock market year was dominated by political factors and the monetary policy of leading central banks. Fears of a US recession in the wake of the falling oil price put global stock markets on a downward trend at the start of the financial year 2016, with visible signs of recovery only emerging from mid-February. Stock markets were put to the test during the year by the Brexit vote in June 2016, ongoing debate about the European banking sector, and the November US 2016 presidential elections. Receding concerns about adverse effects of the Brexit outcome made for a positive stock market trend from July to September 2016. Mid-August 2016 saw the MDAX hit a new all-time high of 21,850 points, while the DAX notched off its highest level for the year at over 10,700 points in October. The S&P 500 reached its high point for the year on November 25, 2016. Favorable global economic indicators lent a boost to stock markets toward the end of the financial year 2016.

GERRESHEIMER SHARE PRICE CONSOLIDATES AT HIGH LEVEL AFTER EXCELLENT PRIOR-YEAR PERFORMANCE

The Gerresheimer share price (ISIN: DE000A0LD6E6) followed a similar trajectory to the MDAX in the first two quarters of the financial year 2016. It went on to recover in the third quarter of the financial year following the Brexit decision. Gerresheimer shares set a new all-time high of EUR 76.86 on September 6, 2016. In October and November 2016, the share price followed a downward trend also seen in the DAX and MDAX stock indices. As of the financial year-end on November 30, 2016, Gerresheimer shares stood at EUR 68.85.

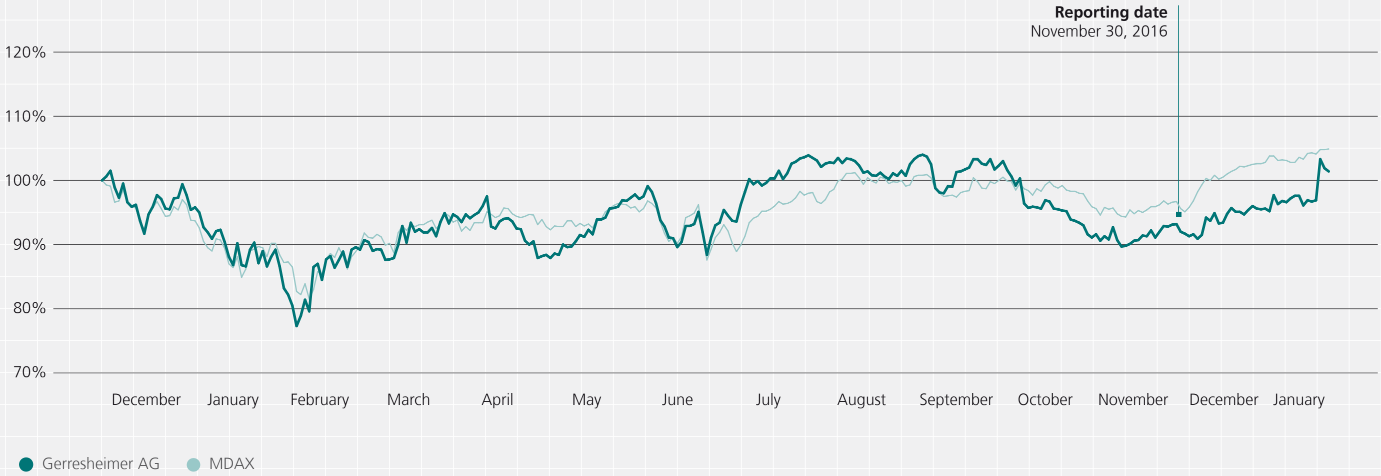
After doing outstandingly well in the financial year 2015 with the third-best price performance of all 50 MDAX-listed companies, the financial year 2016 saw a consolidation. Taking into account the EUR 0.85 per share dividend payout, the Gerresheimer share price was 5.68% down in the financial year 2016 and rated 24th among all 50 MDAX-listed companies in terms of price performance. At the close of the financial year on November 30, 2016, the MDAX was down 3.32% on twelve months earlier. The DAX lost 6.52% year on year. Gerresheimer shares thus outperformed the DAX and slightly lagged the MDAX benchmark index.

The Gerresheimer share price recovered substantially after the balance sheet date to the January 20, 2017 editorial date. With a closing price of EUR 74.95 on January 20, 2017, it showed a gain of 8.86% over December 1, 2016, slightly ahead of the performance of the MDAX.

The Company's market capitalization at the end of the financial year on November 30, 2016 amounted to EUR 2,161.9m. According to the index ranking applied by the German Stock Exchange, Gerresheimer shares consequently held 27th place in the MDAX (prior year: 22nd place). In terms of stock exchange turnover, the Company's shares held 38th place at the reporting date (prior year: 37th place).

Gerresheimer AG Shares Versus MDAX

Index: November 30, 2015 = 100%



MAJORITY OF ANALYSTS GIVE BUY OR HOLD RECOMMENDATION

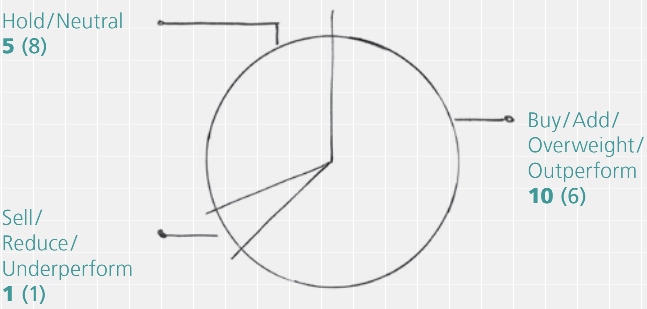
Gerresheimer AG was regularly covered by 16 analysts up to the editorial date on January 20, 2017. There were ten buy recommendations as of January 20, 2017. Five analysts gave a hold recommendation. One analyst recommended selling. The average target price across all analysts as of the editorial date was EUR 79.19. The charts that follow provide an overview of the banks covering Gerresheimer as of the editorial date, together with their recommendations:

Analyst Coverage

Bankhaus Lampe	Goldman Sachs	LBBW
Berenberg Bank	Hauck & Aufhäuser	MainFirst
Commerzbank	HSBC	Metzler
Credit Suisse	Independent Research	Montega
Deutsche Bank	J.P. Morgan Cazenove	
DZ Bank	Kepler Cheuvreux	

Overview of Analyst Recommendations (as of January 20, 2017)

Number (prior year)



ANNUAL GENERAL MEETING 2016 ATTAINS RECORD CAPITAL ATTENDANCE; DIVIDEND INCREASED TO EUR 0.85

At the Annual General Meeting in Duesseldorf on April 28, 2016, 78.8% of the capital stock was represented. Attendance in 2015 was 78.5%. This is an outstanding attendance rate considering that Gerresheimer shares have a 100% free float. A dividend of EUR 0.85 per share was approved by resolution and was paid out to shareholders on April 29, 2016. This marked the fifth dividend increase in succession. The previous year's dividend was EUR 0.75 per share. All resolutions put forward were passed with a large majority.

Gerresheimer Shares: Key Data

	2016	2015
Number of shares at reporting date in million	**31.4**	31.4
Share price[1] at reporting date in EUR	**68.85**	73.90
Market capitalization at reporting date in EUR m	**2,161.9**	2,320.5
Share price high[1] during reporting period in EUR	**76.86**	76.32
Share price low[1] during reporting period in EUR	**57.10**	41.99
Earnings per share in EUR	**3.87**	3.32
Adjusted earnings per share[2] in EUR	**4.22**	3.41
Dividend per share in EUR	**1.05**[3]	0.85

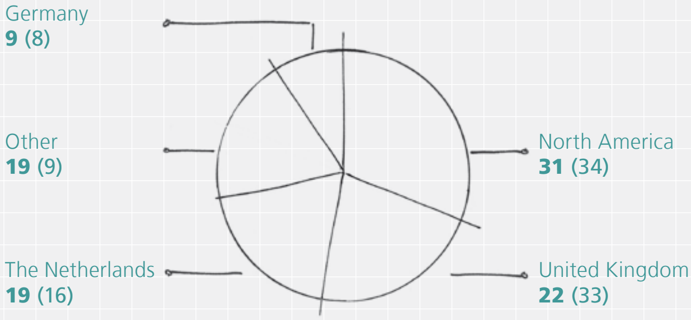
[1] Xetra closing price.
[2] Adjusted net income after non-controlling interests divided by 31.4m shares.
[3] Proposed appropriation of net earnings.

CONTINUED STRONG INTEREST AMONG INTERNATIONAL INVESTORS

Interest in Gerresheimer shares remains strong in the international arena and was again reflected in our shareholder structure in the past financial year. As of the January 20, 2017 editorial date, the majority of shares were held by foreign investors. Among the top 25 investors, the largest proportion, around 31% of shares, was held by investors from North America, followed by British investors, who held some 22%. Next came Dutch investors accounting for around 19% of the total. Just under 9% of shares were held by German investors. As in the prior year, the free float remained at 100% as of the editorial date.

Shareholder Structure by Region (Top 25 Investors)

In % (prior year)



TRANSPARENT SHAREHOLDER STRUCTURE

Shareholders are required to notify the company concerned and the Federal German Institute for Supervision of Financial Services (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) when specified notification thresholds are reached or crossed. According to the notifications we received up to January 20, 2017, the following persons and institutions held more than 3% or 5% of Gerresheimer shares as of the notification dates listed in the table. These investors thus hold a combined 32.34% of Gerresheimer AG shares:

Company	Share in %	Date of Notification
NN Group N.V. (formerly ING Groep N.V.)	5.20	September 17, 2014
APG Asset Management	5.10	July 30, 2015
BNP Paribas Investment Partners S.A.	5.07	December 16, 2016
Eton Park (EP Overseas Fund Ltd. & EP Master Fund Ltd.)	4.92	July 18, 2012
Franklin Advisory Services, LLC	4.73	September 11, 2015
Templeton Investment Counsel, LLC	4.31	February 19, 2016
Old Mutual Plc	3.01	January 23, 2015

Share Reference Data	
ISIN	DE000A0LD6E6
WKN	A0LD6E
Bloomberg reference	GXI
Reuters reference	GXIG.DE
Stock index membership	MDAX, CDAX, HDAX, Prime All Share, Classic All Share, EURO STOXX TMI, Russell Global Small Cap Growth Index and further sector and size indexes
Listings	Berlin, Duesseldorf, Frankfurt (Xetra and floor trading), Hamburg, Hanover, Munich, Stuttgart

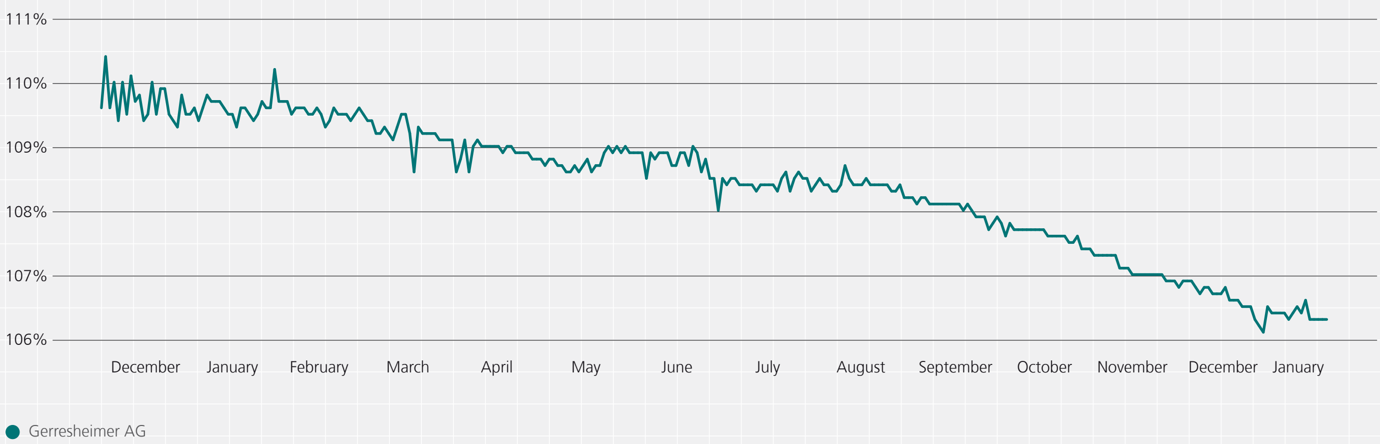
GERRESHEIMER BOND PRICE

The Gerresheimer bond price (ISIN: XS0626028566) held stable at a high level through to August 2016. The bond price weakened slightly in the months that followed and stood at 106.3% as of the editorial date on January 20, 2017. Accordingly, the price remained strong, as reflected in an effective interest rate (yield to maturity) of some 0.3% p.a. on an investment in the bonds as of the January 20, 2017 editorial date. This consistently very low effective interest rate shows that investors continue to view Gerresheimer bonds as a highly secure investment.

Rating agencies Standard & Poor's and Moody's have kept the Gerresheimer bond at investment grade ratings BBB-, stable outlook and Baa3, negative outlook, respectively. The Standard & Poor's rating has not changed since February 2011. The agency attributed the rating upgrade at that time from BB+ to BBB- to Gerresheimer AG's leading market position and the stability of its business model. Other reasons included improved financial ratios and strong cash flow generation. Moody's and Standard & Poor's confirmed the investment grade rating in January 2016 and April 2016, respectively, once again highlighting the strong cash flow generation. Additional mention was given to Gerresheimer's leading position in a stable pharmaceutical market environment, multinational footprint, very good margins and the high barriers to entry for potential competitors. The bonds can be traded in Frankfurt in floor trading as well as on regional exchanges in Germany.

Gerresheimer AG Corporate Bond: Price Performance

Market price November 30, 2015 = 109.6%



Bond Reference Data

ISIN	XS0626028566
WKN	A1H3VP
Issuer	Gerresheimer AG
Volume	EUR 300m
Coupon/coupon date	5% p.a./May 19
Maturity date	May 19, 2018
Bond price[1] at reporting date	106.9%
Effective annual interest rate[2] at reporting date	0.4% p.a.
Bond rating at reporting date	Standard & Poor's: BBB-, stable outlook Moody's: Baa3, negative outlook
Corporate rating at reporting date	Standard & Poor's: BBB-, stable outlook Moody's: Baa3, negative outlook
Denomination	EUR 1,000.00 par value
Listings	Berlin, Duesseldorf, Frankfurt (floor trading), Hamburg, Hanover, Munich, Stuttgart

[1] Closing price, Stuttgart Stock Exchange.
[2] Based on the closing price on Stuttgart Stock Exchange.

INTENSIVE DIALOG WITH INVESTORS AND ANALYSTS CONTINUED

During the financial year 2016, we remained in dialog with investors and analysts through numerous road shows, conferences and telephone conference calls as well as a host of one-to-one conversations.

As in previous years, members of the Management Board and the Investor Relations Team visited key financial centers in Europe and North America. These included Frankfurt, Berlin, Munich, Paris, London, New York, Toronto and Montreal. Our goal is open, timely and sustained communication with all interested parties. You will find an up-to-date financial calendar, including upcoming events at which we will present the Company, on our website at www.gerresheimer.com/en/investor-relations/dates/financial-calendar.

Financial Calendar

February 15, 2017	Annual Report 2016
April 6, 2017	Interim Report 1st Quarter 2017
April 26, 2017	Annual General Meeting 2017
July 13, 2017	Interim Report 2nd Quarter 2017
October 11, 2017	Interim Report 3rd Quarter 2017

HIGH PRIORITY OF CAPITAL MARKET COMMUNICATION

Continuous dialog with investors and analysts is an important part of our corporate philosophy. We are available to answer your questions and listen to your suggestions regarding any aspect related to Gerresheimer shares, the Gerresheimer bond or the Company. You can contact us as follows:

Gerresheimer AG
Investor Relations
Klaus-Bungert-Strasse 4
40468 Duesseldorf
Germany
Phone +49 211 6181-257
Fax +49 211 6181-121
E-mail gerresheimer.ir@gerresheimer.com
www.gerresheimer.com/en/investor-relations

GROUP MANAGEMENT REPORT OF GERRESHEIMER AG

FINANCIAL YEAR 2016 AT A GLANCE

Profitable growth

- Revenues up 7.2% to EUR 1,375.5m
- Revenues at constant exchange rates reach EUR 1,383.1m, marking organic revenue growth of 2.9%
- Adjusted EBITDA climbs to EUR 307.8m; at constant exchange rates to EUR 311.3m
- Adjusted EBITDA margin attains 22.4%, above 22% for the first time (2015: 20.5%)

Higher operating cash flow and improved ROCE

- Capital expenditure on property, plant and equipment and intangible assets as percentage of revenues at constant exchange rates: 8.2%
- Average net working capital at 15.8% of revenues one percentage point better than our expectations at the start of the financial year
- Operating cash flow margin at 14.3%
- ROCE of 12.6% above our long-term target of at least 12%

Sale of the Life Science Research Division completed as of October 31, 2016

Net financial debt reduced and adjusted EBITDA leverage improved

- Net financial debt reduced from EUR 877.5m to EUR 788.2m due to higher operating cash flow and inflow of funds from the sale of the Life Science Research Division
- Adjusted EBITDA leverage at 2.6 as of the balance sheet date, compared with 2.9 in the prior year

Dividend distribution increased by 23.5%

- Proposed dividend of EUR 1.05 per share (2015: EUR 0.85 per share) – some 25% of the EUR 4.22 adjusted earnings per share after non-controlling interests

THE GERRESHEIMER GROUP

BUSINESS ACTIVITIES

The Gerresheimer Group is a leading international manufacturer of high-quality specialty glass and plastic products for the global pharma and healthcare industry. Backed by in-house innovation and the latest production technologies, we provide primary pharma packaging, drug delivery systems, diagnostic systems and packaging for the cosmetics industry.

The Group consists of Gerresheimer AG, with its registered office in Duesseldorf, Germany, together with its direct and indirect subsidiaries and associates. At the end of the financial year 2016, the Group had 42 locations in Europe, North and South America and Asia, with 9,904 employees worldwide. This marks a 7.3% reduction in our workforce compared with November 30, 2015, largely due to the sale of our Life Science Research Division.

Gerresheimer AG is the parent company of the Gerresheimer Group and manages its direct and indirect subsidiaries and associates.

DIVISIONS

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on their specific production technologies and the materials we use in our products. Following the sale of the Life Science Research Division as of October 31, 2016, our business model is divided into two operating divisions for reporting purposes: Plastics & Devices, and Primary Packaging Glass.

Our segment reporting follows the management approach in accordance with IFRS 8. External reporting is consequently based on internal reporting.

PLASTICS & DEVICES

Our product portfolio in the Plastics & Devices Division includes complex, customer-specific products for simple and safe drug delivery. These include insulin pens, inhalers and prefillable syringes. The division also covers diagnostics and medical technology products such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

Activities in this division include developing complex systems and system components made of plastic on a project basis. Our target market comprises customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the value chain. Our Medical Plastic Systems products range from inhalers for the treatment of respiratory diseases to lancets and insulin pen systems for diabetics as well as an extensive array of test systems and disposable products for laboratory and molecular diagnostics.

The Plastics & Devices Division also provides plastic system packaging for use with liquid and solid medication. Our broad range of high-quality primary drug packaging products includes application and dosage systems, such as eyedroppers and nasal spray vials, as well as special containers for tablets and powders. In addition, the range includes tamper-evident multifunctional closure systems, child-resistant and senior-friendly applications, and integrated moisture absorbers.

A feature of the US market for prescription medication is the pour-and-count system. The precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container. We again have a strong product portfolio for this segment, supplying national and regional pharmacy chains, supermarkets and wholesalers.

PRIMARY PACKAGING GLASS

In the Primary Packaging Glass Division, we produce primary packaging made of glass for medicines and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and beverage industry.

Our range for the pharmaceutical industry covers a broad array of glass primary packaging products. Moulded glass products meet market and customer needs with a variety of injection, dropper and sirup (AE) bottles. We also produce high-quality specialty products such as ampoules, vials and cartridges made with borosilicate glass tubing. On this basis, we offer a virtually complete range of pharmaceutical packaging in flint and amber glass.

Our product portfolio for the cosmetics industry encompasses high-quality glass packaging such as vials and glass containers for perfumes, deodorants, skin-care and wellness products. We process clear, colored and opal glass. All shaping, coloring, printing and exclusive finishing technologies are available to us for this purpose.

For the food and beverage industry, we supply both standard and custom miniature as well as other sizes of bottles and glass containers for products such as spirit miniatures. Our products include a range of variations such as amber, flint, colored and opal glass, diverse shape variants as well as numerous finishing options.

LIFE SCIENCE RESEARCH (SOLD AS OF OCTOBER 31, 2016)

In the Life Science Research Division – up to October 31, 2016 – we produced glass containers and systems for special requirements in research, development and analytics. We also supplied general laboratory ware. The divisional company, Kimble Chase Life Science and Research Products LLC, was established as a joint venture in 2007 by amalgamating the Life Science Research division of Gerresheimer (51%) and Chase Scientific Glass, Inc. (49%).

As of October 31, 2016, we sold the Life Science Research Division (Kimble Chase) to Duran Group, a portfolio company of One Equity Partners. The manufacture of laboratory glassware has few or no synergies with our core business, the manufacture of primary pharma packaging and products for safe and simple drug delivery. The two businesses have different markets and customers. The manufacturing processes for laboratory glassware also have a strong manual element and differ substantially from our production techniques for pharma glass. Kimble Chase has production locations in Rockwood (Tennessee/USA), Rochester (New York/USA), Queretaro (Mexico), Meiningen-Dreissigacker (Germany) and Beijing (China). In selling the Life Science Research Division, we reduced our number of plants by five.

GROUP STRATEGY AND OBJECTIVES

Global healthcare demand continues to grow. Key drivers include global trends such as rising life expectancy, world population growth, increasing prosperity, environmental change, and the development of new drugs and therapies. Increasing numbers of out-of-patent drugs and the trend toward self-medication spell ongoing growth potential for the pharma and healthcare industry going forward. Quantitative demand growth is accompanied by rising quality requirements for pharma packaging and products for safe and simple drug delivery. This is especially the case for drugs with complex molecular structures – such as those produced using biotechnology – and poses challenges for everyone in the market.

For us as a strategic partner in the development and production of quality specialty packaging for the pharma and cosmetics industry, all this creates opportunities for further growth. With our global capabilities, we can meet our customers' increasing needs in terms of impeccable quality standards – in industrialized nations and emerging markets alike.

OUR VISION AND MISSION

We pursue the vision of becoming the leading global partner for enabling solutions that improve health and well-being. Our success is driven by the passion of our people.

In pursuit of this vision, we have further sharpened the profile of our business in the last two years: We have acquired the leading producer of plastic containers and closures for oral prescription medication in the USA, sold our glass tubing business, and most recently parted with our Life Science Research division. Our broad portfolio of products and services and our global presence make us unique and secure our position as a key partner to the pharma and cosmetics industry.

We are aided in achieving our vision by the following guiding principles:

1. Understanding our customers and providing them with solutions to both their present and future needs

Exceptional quality and total delivery reliability no matter how big the order set us apart. These are key factors enabling our customers to meet exacting market requirements and regulatory standards. We also work with customers to break new ground, anticipating trends such as self-medication and biologically produced drugs, developing new products and processes, and driving innovation.

2. Living our commitment to excellent quality and continuous innovation

We work constantly to enhance our product range – notably with a view to new drug developments and quality requirements – and invest in the key growth markets of the future. Our long-standing experience, the considerable expertise and motivation of our workforce and our systematic capital expenditure policy building on our sound financial base make us the partner of choice to the pharma industry.

3. Leveraging our technological leadership and competence by acting as one team

Decades in the business of making glass and plastic packaging give us vast expertise that we deploy to the benefit of our customers and supplement with further training. We standardize our production systems and processes across operating locations, ensure knowledge transfer between teams and measure outcomes against defined operational excellence performance indicators.

4. Becoming a preferred employer with highly motivated and passionate employees all over the world

Our workforce of some 10,000 employees are the basis of our success today and going forward. In recognition of this, we place emphasis on good working conditions, talent management and comprehensive lifelong learning. At the same time, we aim for a healthy mix of young and experienced staff, and provide systematic initial and further training to foster employee development in step with increasingly demanding requirements as well as to secure workforce satisfaction.

These four elements of our mission underpin our overarching goal: Expanding our global reach and creating profitable and sustainable growth.

With our plants in Europe, North America, South America and Asia, we can already boast a global presence and serve customers and markets with local production in many parts of the world. There is nonetheless scope for further extending our global reach, enabling us to serve all customers the world over in equal measure with our full portfolio. We especially aim to expand our presence in Asian growth markets – such as India and China – and in South America in order to supply our products to existing international customers as well as new customers in these countries.

OUR STRATEGIC GOALS

1. Sustained growth

We continue to target sustained growth. To attain this goal, we plan to increase revenues with existing customers and launch new products as well as to secure new regions, markets and customers. We also intend to make selective acquisitions to this end. Our focus here is on augmenting our portfolio with additions that gain us access to new regions or enable us to buy into new technologies. In the process, we always aim to occupy leading positions in the markets we serve.

2. Rising profitability

We focus on profitable growth – as mirrored in increasing adjusted EBITDA, higher operating cash flow and, in the medium term, improved return on capital employed (ROCE). Key factors in this are our highly qualified workforce, efficient state-of-the art technology, strict cost control and high standards of quality. We conduct targeted investment in training, production efficiency and quality. Reliable delivery of high-quality pharma and cosmetics packaging secures us a leading position as a globally recognized supplier and sets us apart from our competitors.

3. Attractive investment and strong partner

Sustained growth and rising profitability make us an attractive investment for existing and future investors. We provide our shareholders with their due share of our success by distributing a dividend. Our solid financial base also makes us a strong, reliable partner to customers and suppliers in a market where stable, long-term relationships are highly valued.

The central pillars of our strategy have applied unchanged for many years. In annual operating and strategic planning, we set the trajectory for the years ahead and specific targets for the next financial year. We publish these targets for each year at the beginning of the financial year.

Our strategy was reflected and successfully implemented in a number of strategic projects once again in the financial year 2016. Strategic projects such as the sale of the laboratory glassware division, our machinery strategy for vials, new product launches, expansion of production capacity and many others are described in greater detail in the remainder of the Management Report. All of these moves significantly enhance our position as global partner to the pharma industry, boost our profitability and make Gerresheimer an attractive investment.

CONTROL SYSTEM

Our business activities are geared toward sustained, profitable growth and global market leadership in the pharma/healthcare and cosmetics segments. The most significant key performance indicators for the Gerresheimer Group are consequently revenue growth, adjusted EBITDA, operating cash flow, capital expenditure, net working capital and ROCE.

We measure growth on the basis of the organic period-to-period change in revenues for the Gerresheimer Group and its divisions. This growth rate is adjusted to factor out the effects of any acquisitions or divestments and of exchange rate movements.

Adjusted EBITDA is our principal measure of profitability. This is defined as operating earnings before interest, taxes, depreciation and amortization, less restructuring expenses and one-off income/expenses. One-off income and expenses consist of termination benefits for members of the Management Board, costs of refinancing, reductions in the workforce and large-scale restructuring (structural and strategic) that do not meet the strict criteria of IAS 37, costs of acquisitions (up to the acquisition date) and divestments, corporate legacy costs such as costs of arbitration proceedings, and costs relating to the outcomes of tax audits. We aim for cost, technology, workforce and process leadership relative to our competitors. This enables us to excel in serving customers' quality, service, price and innovation needs and to generate above-industry-average returns (ratio of adjusted EBITDA to revenues).

We attach great importance to generating ample cash flow in order to meet the varied expectations of our stakeholder groups. This is measured as operating cash flow, which we define as follows: Adjusted EBITDA plus/minus the change in net working capital (inventories, trade receivables, trade payables and prepayments made and received), minus capital expenditure. We set individual target levels by division and business unit for the two KPIs adjusted EBITDA and operating cash flow. Rigorous control of capital expenditure is a further key factor in our success. We appraise each project in each business unit against the same target parameters. Discounted cash flow analysis and payback periods are important elements of the appraisal process. Expansion and rationalization projects are expected to achieve a minimum 18% post-tax internal rate of return and a payback period of less than three years. Strategic projects are normally required to have a payback period of no more than five years. New plants and plant extensions may exceed this.

The third parameter in operating cash flow alongside adjusted EBITDA and capital expenditure is net working capital. This represents another ongoing focus of our many improvement measures, including changes in payment terms, improved receivables collection and production planning optimization to cut inventory. Our objective is to lower average net working capital measured on a monthly basis for a lasting reduction in tied-up capital.

Focusing on adjusted EBITDA, capital expenditure (and hence, indirectly, depreciation) and net working capital also means that we keep watch on the key operating parameters determining ROCE. This is defined at Gerresheimer as adjusted EBITA over average capital employed, i.e., equity plus interest-bearing debt capital less cash and cash equivalents or, using the top-down formula, total assets less non-interest-bearing liabilities and cash and cash equivalents. ROCE is a key medium to long-term target metric for us in addition to the indicators already covered. Based on the targeted 18% minimum post-tax internal rate of return for expansion and rationalization projects, ROCE should be in excess of 12% for the Gerresheimer Group.

Alongside the indicators for monitoring the financial development of the business, non-financial management parameters are also instrumental to our business success. Of key importance from a Group perspective in this regard are our readiness to innovate, problem-solving expertise and notably our ability to attract and retain highly qualified staff.

BUSINESS ENVIRONMENT

OVERALL ECONOMIC CONDITIONS

In its October 2016 outlook, the International Monetary Fund (IMF)[1] anticipated a slight increase in global economic growth. However, burgeoning isolationist tendencies as seen in the British vote to leave the EU and protectionist ambitions in the US and Europe harbor major risks for the global economy. The IMF considered that such tendencies may cause companies to shelve capital spending and create fewer new jobs. Despite the risks, the Washington-based experts have retained their forecast for 2017 of 3.4% growth in the world economy (2015: 3.1%). Industrialized economies are projected to see weak growth continue for the medium term, whereas the IMF expects growth to pick up in emerging markets and developing countries.

With regard to developments in the euro area, the IMF voices concerns about increasing pressure to adopt populist, inward-looking policies. At the same time, it has revised its forecast slightly upward, to 1.7% for 2016 and 1.5% for 2017. Among other factors, this trend is being driven by higher domestic demand, the growth-oriented monetary policy of the European Central Bank (ECB) and the depreciation of the euro against other currencies such as the US dollar. Countries such as Italy and Spain that saw relatively slow growth over the past few years are also reportedly starting to regain traction. Second-quarter growth in Spain was thus at its strongest for more than eight years. Also, although the Greek economy continues to contract, the IMF does not see any danger of contagion here for the rest of the euro area.

For Germany, the IMF lifted its growth forecast for 2016 from 1.6% to 1.7% (2015: 1.5%) and for 2017 from 1.2% to 1.4%. This puts the Washington experts' prediction slightly below those of the five leading German economic institutes. These project 1.9% GDP growth in 2016. Their forecast for 2017 is in line with that of the IMF at 1.4%.

As regards the USA, by contrast, the IMF was more skeptical than it had been in July. The fund cut its 2017 growth forecast for the world's biggest economy from 2.5% to 2.2%. It considered US growth to have been disappointing in 2016. The experts identified one cause of this as the high level of US debt, which hit a new all-time high in the past year.

Sentiment in China is positive, according to the IMF. It reports continued progress in rebalancing the Chinese economy toward services, while credit expansion and the growing share of GDP accounted for by consumption provide a good basis for growth. This could even offset a potential slowdown in investment. With projected GDP growth of 6.6% in 2016, China continues to be one of the world's fastest-growing economies.

Little has changed in the forecast for other major developing markets. The Russian economy is thus set to shrink this year by 0.8% and the Brazilian economy by 3.3%. However, the IMF believes that both countries could come out of recession as early as 2017. It believes Russia to be aided by the increased oil price. In Brazil, consumers and businesses are said to be regaining confidence and GDP has not contracted as severely as expected. The recession in both countries may thus gradually lift, with a potential return to growth forecast for 2017. India is already seen to be in a stable condition today, with solid growth rates.

SECTORAL DEVELOPMENT

After unexpectedly high annual growth rates of nearly 9% in 2014 and 2015, the global pharma market held stable in 2016 at a lower rate of growth and with a sustained positive business climate. The market was driven in the last two years by unanticipated developments: the huge impact of hepatitis C blockbusters, large quantities of expired patents and strong volume growth in pharmerging markets. Two-thirds of sales in 2016 went to the top five national markets – the USA, Japan, China, Germany and France. The other third was spread over the rest of the world, led by Italy followed by the UK and Brazil.

M&A activity once again shaped the industry in 2016. There were some USD 350bn worth of acquisitions in the pharma sector during 2015, and mergers and acquisitions totaling USD 42bn were recorded through to the third quarter of 2016.[2] Irrespective of such transactions, the pharma industry continues to be characterized by a high level of innovation. This makes it an important driver of economic activity, including in Germany. Given the positive economic climate and high tax income, economic conditions in Germany remain ideal for boosting the country's role as a pharmaceutical location. Pharma industry sales came to some USD 43.1bn in Germany in 2016.

[1] International Monetary Fund: "World Economic Outlook", October 2016.

[2] PwC Global Pharma & Life Sciences Deals Insights Q3 2016 Update.

Quintiles IMS Institute[3], a renowned research organization, forecasts global annual average pharma market growth of between 4% and 7% for the period 2016 to 2021, with the market reaching some USD 1.5tn in 2021. For the USA, which remains the world's biggest pharma market, IMS projects that spending will grow at an annual average of 6% to 9% through to 2021. In European countries, it expects growth in the low single-digit percentage range. The pharmerging markets, by contrast, are expected to see average growth rates continue at 6% to 9% in the five years ahead.

According to the report, volume growth – meaning the quantities of drugs sold – will be driven by a further increase in generics and slightly more moderate growth in the pharmerging markets than in prior years. As it did for the period 2011 to 2016, Quintiles IMS anticipates annual average global volume growth for 2016 to 2021 of 3%, primarily driven by the pharmerging markets.

Overall, the pharma sector is considered to be one of the most crisis-resistant industries. It continues to benefit from long-term growth drivers such as demographic change and the increase in life expectancy, which combine to create rising demand for healthcare. Widespread diseases such as diabetes, asthma, dementia, cancer and allergies also boost demand for healthcare. This is reflected in the megatrends relevant to Gerresheimer, the trend toward generic drugs, maturing health systems in the pharmerging markets, growing regulatory requirements, the development of new drugs, increasing acute and chronic illnesses, and self-medication (see also the Megatrends section on page 88).

This means the number of out-of-patent and biotech drugs is increasing. At the same time, the industry benefits from the rise in global population and the middle classes. Diseases of affluence such as cardiovascular disease, asthma and diabetes are on the increase, fueling higher spending on medical care. Besides innovative manufacturing processes, new compounds and new drugs call for further refinements in packaging and drug delivery systems. Protecting the high-quality contents as well as maintaining quality assurance and unrestricted functionality are a top priority. Growing numbers of innovative biotech drugs are coming onto the market that have to be injected, and must therefore be supplied in the necessary concentrations in vials and/or prefilled syringes. With respect to packaging for medications, this means that manufacturers must offer a wide range of technologies covering as much of the value chain as possible.

The more cyclical market for high-quality cosmetic glass packaging also performed well in the financial year 2016. Glass packaging with an exclusive look and feel continues to be highly sought after, once again placing a premium on glass container design and additional finishing techniques in the past year.

CURRENCY MARKET TRENDS

The euro-US dollar exchange rate moved in a corridor between 1.05 and 1.15 US dollars to the euro during the financial year 2016, with the 2015 and 2016 year-end rates more or less identical. A temporary gain in the euro with exchange rates around USD 1.15 was lost toward the end of 2016 ahead of the US presidential election and after announcement of the outcome; also, a further hike in the US Federal Funds Rate became more likely after an initial rise in December 2015. The European Central Bank (ECB), on the other hand, apparently plans to continue supporting the economy with a growth-focused low interest rate policy for some time to come.

In the financial year 2016, the average exchange rate from December 1, 2015 to November 30, 2016 was 1.10 US dollars to the euro, slightly below the prior-year average of 1.12 US dollars to the euro.

Most other currencies subject to effects of translation into the Group reporting currency in our quarterly and annual financial statements fell against the euro over the reporting period. The stronger overall exchange rate for the euro in the reporting period meant that translating other currencies into the Group reporting currency had the effect of reducing revenue growth. This is why we state revenue growth in the "Revenue Performance" section on an organic basis, i.e. adjusted for exchange rate effects, acquisitions and divestments. The USD exchange rate assumed for budgeting purposes for the financial year 2016 was USD 1.12 per EUR 1.00. The reporting date and average exchange rates of major currencies for the Gerresheimer Group in the financial year 2016 and the prior year are additionally set out in note (4) of the notes to the consolidated financial statements.

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3) Quintiles IMS Institute: "Outlook for Global Medicines through 2021", December 2016.

ENERGY AND COMMODITY MARKET TRENDS

A significant portion of production costs relates to raw materials for the manufacture of glass and plastic. We have substantial energy requirements on an ongoing basis, mainly due to the energy-intensive combustion and melting processes in our high-temperature furnaces. Any significant rise in energy prices could have a considerable impact on the Gerresheimer Group's results of operations. Accordingly, we make use of the special compensation rule for energy-intensive companies under section 64 of the German Renewable Energy Act (EEG). The Group extensively hedges against energy (electricity and gas) price rises to absorb energy cost increases.

In the manufacture of plastic products, we are reliant on primary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends.

As a manufacturer of high-quality pharmaceutical primary packaging, we mainly use quartz sand and soda lime as raw materials for glass products, along with various additives in relatively small quantities. These basic products are freely available and we procure them from a range of suppliers.

When we sold our glass tubing business to Corning in 2015, we signed a ten-year supply contract for borosilicate glass tubing to meet our long-term demand for this important intermediary product for the converting business.

On the whole, we have negotiated escalation clauses in contracts with major customers to largely offset cost changes. This means that we did not materially benefit from the lower oil price in the financial year 2016 compared with the financial year 2015. Conversely, we will probably not be significantly affected if the oil price goes up again.

Additional information on the Gerresheimer Group's management of fluctuations in energy and raw material prices is provided under the heading "Energy and Raw Material Prices" in the "Operational Risks" section.

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CHANGES IN THE REGULATORY ENVIRONMENT

Policymakers, especially in European industrialized countries and the USA, continue to attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the competent authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market. This once again lent momentum to generic drugs in industrialized countries in the financial year 2016.

Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Overall, however, the financial year 2016 did not bring any material change in the regulatory environment as regards the pharma markets relevant to Gerresheimer. The heavy demands placed on our business also serve as a tall entry barrier for potential new competitors.

DEVELOPMENT OF THE BUSINESS

EFFECT OF THE ECONOMIC CONDITIONS ON BUSINESS PERFORMANCE

Business with the pharma and healthcare industry is especially important to the Gerresheimer Group as such business accounts for 83% of total revenues. We generated revenue growth of 7.2% in the financial year 2016, largely as a result of the Centor acquisition in the prior year.[4)]

The financial year 2016 did not bring any material change in the regulatory environment for the pharma markets relevant to us, and so there was no significant regulatory impact on the growth of our business. The more cyclical market for high-quality cosmetic glass packaging showed a positive trend. Manufacturers reported growth in perfume and care products in particular.

We primarily market specialized, high-quality primary packaging products and drug delivery systems made of glass and plastic. We aim to be or become first or second in the markets and product segments we serve over the long term.

ATTAINMENT OF GUIDANCE IN THE FINANCIAL YEAR 2016

We give our shareholders, customers and all other partners the opportunity to assess our business development by publishing guidance at the beginning of each financial year and adjusting this as needed over the course of the year. Our guidance includes forward-looking statements on the development of revenues at constant exchange rates, the organic revenue growth rate, adjusted EBITDA and capital expenditure as a percentage of revenues at constant exchange rates..

A comparison of our guidance with the figures reported for the financial year shows that our forecast of business developments in the financial year 2016 was accurate. Following the sale of our Life Science Research Division as of October 31, 2016, we announced that we would finish toward the lower end of our annual guidance figure of EUR 1.4bn (plus or minus EUR 25m) for Group revenues at constant exchange rates. Group revenues at constant exchange rates came to EUR 1,383.1m in the financial year 2016, thus fully in line with our expectations. Organic revenue growth was 2.9% in 2016. Adjusted EBITDA at constant exchange rates and excluding the Life Science Research Division was EUR 311.3m, at the upper end of the guidance range based on EUR 305m (plus or minus EUR 10m). Capital expenditure as a percentage of revenues at constant exchange rates and excluding Life Science Research was 8.2%, on a par with the target range of around 8%. Since September 1, 2016, when the Life Science Research Division began to be accounted for as discontinued operation, it has been necessary to deduct that division's revenue and earnings contribution, both for the year under review up to conclusion of the sale as of October 31, 2016 and for the financial year 2015 in its entirety.

[4)] Excluding the Life Science Research Division.

We likewise attained the cash flow performance figures given in our guidance for the financial year 2016. Our capital expenditure stood at 8.2% and average net working capital at 15.8% of revenues at constant exchange rates (excluding the Life Science Research Division). Similarly, we are fully on target both with our operating cash flow margin and with ROCE.

The table below shows the changes in guidance over the course of the year:

Development of published guidance during the financial year 2016

	Guidance FY 2016 Feb. 11, 2016	Updated guidance FY 2016 Oct. 6, 2016 (Sale of Life Science Research)	2016 results
Revenues (constant FX rates)	EUR 1,500m (+/- EUR 25m) approx. equivalent to 4% to 5% organic growth	EUR 1,400m (+/- EUR 25m) approx. equivalent to 4% to 5% organic growth	EUR 1,383.1m 2.9% organic growth
Adjusted EBITDA (constant FX rates)	EUR 320m (+/- EUR 10m)	EUR 305m (+/- EUR 10m)	EUR 311.3m
Capital expenditure (constant FX rates)	8% of revenues	Confirmation of guidance FY 2016 Feb. 11, 2016	8.2%[1]
Average NWC (as % of revenues) (constant FX rates)	17%	Confirmation of guidance FY 2016 Feb. 11, 2016	15.8%[1]
		The sale of Life Science Research was completed as of October 31, 2016; under International Financial Reporting Standards, the figures for this division as a discontinued operation are required to be presented separately. In 2015, this related to revenues of approx. EUR 100m and adjusted EBITDA of just over EUR 15m.	
Other performance figures			
Operating cash flow margin (constant FX rates)	approx. 13% in FY 2018	Confirmation of guidance FY 2016 Feb. 11, 2016	14.3%
ROCE	> = 12% in FY 2018	Confirmation of guidance FY 2016 Feb. 11, 2016	12.6%

[1] Excluding the Life Science Research Division.

MANAGEMENT BOARD REVIEW OF BUSINESS PERFORMANCE

The Gerresheimer Group performed well in the financial year 2016. Revenues rose by 7.2% to EUR 1,375.5m. This corresponds to organic growth of 2.9% resulting in revenues at constant exchange rates of EUR 1,383.1m. Our pharma industry revenues thus continued to prove robust in the financial year 2016. Adjusted EBITDA at constant exchange rates and excluding the Life Science Research Division was EUR 311.3m. The reported adjusted EBITDA figure was EUR 307.8m, representing a margin of 22.4%. Net income for the financial year 2016 was EUR 168.2m, well above the prior-year net income of EUR 112.7m. Adjusted net income amounted to EUR 139.0m, compared with EUR 117.7m in the same period the year before.

REVENUE PERFORMANCE

Gerresheimer Group revenues adjusted for the divested Life Science Research Division went up by 7.2% or EUR 92.6m from EUR 1,282.9m in the financial year 2015 to EUR 1,375.5m in the financial year 2016. Adjusted for exchange rate effects, acquisitions and divestments, revenues through to the financial year-end came to EUR 1,383.1m, meaning that we generated 2.9% organic revenue growth. As a result of the Life Science Research Division being accounted for as discontinued operation until its sale as of October 31, 2016, the eliminating entries for intra-Group revenues, taking into account future trade relations, are attributed to the discontinued operation both for the year under review and for the prior year. This results in a more meaningful presentation of the financial impacts of the sale of the Life Science Research Division in the consolidated income statement. The prior year has been restated in line with this presentation, which also affects the presentation of revenues.

in EUR m	**2016**	2015	Change in %
Revenues			
Plastics & Devices	765.4	645.3	18.6
Primary Packaging Glass	610.6	651.0	-6.2
Subtotal	**1,376.0**	**1,296.3**	**6.1**
Intra-Group revenues	-0.5	-13.4	96.3
Total revenues	**1,375.5**	**1,282.9**	**7.2**

Revenues in the Plastics & Devices Division rose by EUR 120.1m from EUR 645.3m in the prior-year period to EUR 765.4m in the financial year 2016. This corresponds to growth of 18.6% and organic growth of 3.0%. The main reason for the increase is the inclusion of Centor for the entire year in the financial year 2016, as against three months in the prior year following completion of the transaction as of September 1, 2015. We also boosted parts business revenues in the financial year under review, notably with sales of inhalers. Tooling revenues were slightly up on the prior-year figure. Sales of plastic packaging for solid and liquid drugs also contributed to organic growth in the Plastics & Devices Division.

The Primary Packaging Glass Division generated revenues of EUR 610.6m in the financial year 2016, compared with EUR 651.0m in the prior-year period. While this represented a 6.2% drop in revenues, the decrease was mainly due to the sale of the glass tubing business as of November 2, 2015. Adjusted for the glass tubing business and thus on an organic basis, we generated organic revenue growth of 2.7% on the prior year. We further increased revenues in the Tubular Glass Converting business, notably in the Americas. Our Moulded Glass business likewise attained slight organic growth, primarily driven by the cosmetics business.

REVENUES BY ECONOMIC REGION

We generate the vast majority of Group revenues outside Germany. International revenues totaled EUR 1,051.4m or 76.4% of total revenues in the financial year 2016. In the financial year 2015, revenues generated internationally amounted to EUR 964.3m or 75.2% of total revenues. Europe and the Americas remain Gerresheimer's most important geographical sales regions. Revenues in emerging markets also remain in focus as an area for growth. The percentage weighting shifted toward the Americas region, however, following the acquisition of Centor.

Quintiles IMS revised its definition of pharmerging markets in the financial year 2016. The definition covers 21 countries as before. Romania was reincluded after being taken out in 2015. Egypt dropped out of the definition of pharmerging markets. We have adjusted our reporting and restated the prior-year figures in line with this definition. Please see note (8) in the notes to the consolidated financial statements.

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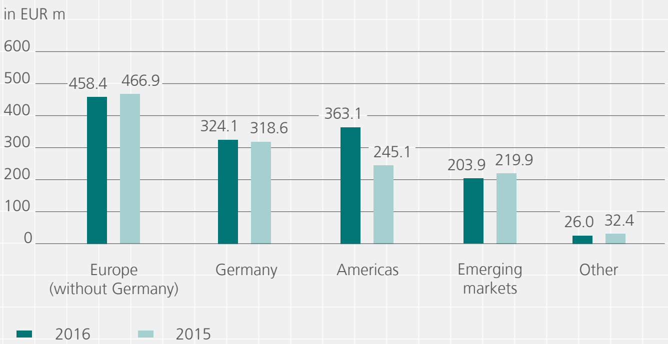


Revenues in Europe (excluding Germany) went down by EUR 8.5m or 1.8% to EUR 458.4m. The decrease is largely due to the sale of the glass tubing business as of November 2, 2015 – and in that connection notably to the sale of our former subsidiary in Italy – as well as to reduced revenues in Spain. Revenues in those two countries was 23.2% down on the prior year. This contrasted with positive revenue performance in Belgium, Denmark and Switzerland. Our revenue growth in this group of countries was 14.3%. At 33.3%, the share of revenues attributable to the Europe region (excluding Germany) was down slightly in the financial year under review, as against 36.4% in the prior year. Revenues rose by EUR 5.5m or 1.7% in Germany, from EUR 318.6m in the prior year to EUR 324.1m in the financial year under review. However, the German market's share of Group revenues declined slightly from 24.8% to 23.6%.

With a 26.4% share of Group revenues (2015: 19.1%), the Americas remain an important market for the Gerresheimer Group. Due to the presence of global pharma giants and the country's demographic potential, the USA in particular will remain a core region for our business activities.

Emerging market revenues accounted for some 15% of total Group revenues in 2016 (2015: approximately 17%). This change mainly reflects the larger US share as a result of the Centor acquisition in the prior year and the inclusion of Centor's full-year revenues for the first time in the financial year 2016. The main emerging market exchange rates continue to have a negative effect.

RESULTS OF OPERATIONS

The Gerresheimer Group generated adjusted EBITDA of EUR 307.8m in the financial year 2016 – a substantial 17.2% increase on the prior year. The adjusted EBITDA margin came to 22.4% and was likewise well above the prior-year margin of 20.5%. At constant exchange rates, adjusted EBITDA rose to EUR 311.3m in the financial year 2016. Due to the Life Science Research Division being accounted for as a discontinued operation until its sale as of October 31, 2016, its net income is presented in a separate item of the consolidated income statement. This presentation is applied both for the current financial year and for the prior year, with the prior-year figures restated accordingly.

in EUR m	**2016**	2015	Change in %
Adjusted EBITDA			
Plastics & Devices	204.0	141.6	44.1
Primary Packaging Glass	124.7	143.7	-13.2
Subtotal	**328.7**	**285.3**	**15.2**
Head office/consolidation	-20.9	-22.7	-7.9
Total adjusted EBITDA	**307.8**	**262.6**	**17.2**

In the financial year 2016, the Plastics & Devices Division generated adjusted EBITDA of EUR 204.0m, well above the EUR 141.6m adjusted EBITDA recorded in the prior year. The adjusted EBITDA margin rose from 21.9% in the prior year to 26.6% in the financial year 2016. This is mainly attributable to the acquisition of Centor as of September 1, 2015. Margins were also improved in the devices business.

At EUR 124.7m, adjusted EBITDA in the Primary Packaging Glass Division was EUR 19.0m or 13.2% down on the prior-year figure. The difference is chiefly due to the sale of the glass tubing business as of November 2, 2015. The adjusted EBITDA margin of 20.4% was below the prior-year figure of 22.1%. Despite the negative margin impact resulting from the sale of the glass tubing business, revenue and productivity improvements enabled the Primary Packaging Glass Division to return a margin in excess of our expectations as of the beginning of the financial year. Adjusted EBITDA and the associated margin were notably boosted by revenue growth in the Tubular Glass Converting business in America.

The headquarters expenses and consolidation items came to EUR 20.9m, EUR 1.8m less than in the prior year. This is chiefly the net outcome of a profit made on the sale of an office building in the USA and higher pension expenses for the Gerresheimer AG Management Board.

The table below shows the reconciliation of adjusted EBITDA to results of operations:

in EUR m	**2016**	2015	Change
Adjusted EBITDA	**307.8**	**262.6**	**45.2**
Depreciation	-86.9[1]	-84.5	-2.4
Adjusted EBITA	**220.9**	**178.1**	**42.8**
Sale of the glass tubing business	0.3	52.2	-51.9
Acquisition Centor	-0.1	-11.6	11.5
Portfolio optimization	-3.5	-15.9	12.4
Thereof: Restructuring expenses	-2.3	-6.9	4.6
Thereof: Portfolio adjustments	-1.2	-9.0	7.8
One-off income and expenses[2]	-0.5	-0.4	-0.1
Total of one-off effects	**-3.8**	**24.3**	**-28.1**
Amortization of fair value adjustments[3]	-36.6	-20.4	-16.2
Results of operations	**180.5**	**182.0**	**-1.5**

[1] Including EUR 0.2m impairment losses unrelated to portfolio optimization.
[2] The one-off income/expenses item consists of one-off items that cannot be taken as an indicator of ongoing business. These comprise, for example, various reorganization and restructuring measures that are not included in restructuring expenses under IFRS.
[3] Amortization of fair value adjustments relates to the assets identified at fair value in connection with the acquisitions of Gerresheimer Vaerloese in December 2005; Gerresheimer Regensburg in January 2007; the pharma glass business of Comar Inc., USA, in March 2007; the acquisitions of Gerresheimer Zaragoza and Gerresheimer Sao Paulo in January 2008; the acquisition of Vedat in March 2011; the acquisition of Neutral Glass in April 2012; the acquisition of Triveni in December 2012; and the acquisition of Centor in September 2015. Amortization of fair value adjustments relates to amortization of identified intangible assets.

Adjusted EBITA amounted to EUR 220.9m (2015: EUR 178.1m) based on adjusted EBITDA of EUR 307.8m (2015: EUR 262.6m) less depreciation of EUR 86.9m (2015: EUR 84.5m). This is reconciled to results of operations EUR 180.5m (2015: EUR 182.0m) by deducting one-off expenses totaling EUR 3.8m (2015: adding one-off income of EUR 24.3m) and amortization of fair value adjustments in the amount of EUR 36.6m (2015: EUR 20.4m). The one-off items mainly relate to portfolio optimization and other income and expenses. In the prior year, the one-off items were largely attributable to the sale of the glass tubing business and the acquisition of Centor.

Portfolio optimization in the financial year 2016 amounted to a total of EUR 3.5m (2015: EUR 15.9m). This includes restructuring expenses, mainly in connection with an efficiency improvement project in the Plastics & Devices Division. It also includes EUR 1.2m primarily consisting of impairment losses from the previously announced divisional streamlining and optimization.

Amortization of fair value adjustments rose by EUR 16.2m to EUR 36.6m in the financial year under review. This was due to two offsetting effects: a substantial increase in amortization of fair value adjustments due to the full-year inclusion of Centor for the first time, and a decrease because of the amortization relating to past acquisitions reaching zero in line with the applicable useful life assumptions.

Our results of operations came to EUR 180.5m in the financial year 2016, compared with EUR 182.0m in the comparative prior-year period. The decrease reflects the EUR 40.6m aggregate positive impact on results of operations in the financial year 2015 from one-off income and expenses in connection with the sale of the glass tubing business and the acquisition of Centor.

RETURN ON CAPITAL EMPLOYED

Return on capital employed (ROCE) is implemented as a profitability metric at Group level and indicates how efficiently we put the capital employed in the business to work. It is a key medium- to long-term target indicator for the Gerresheimer Group. ROCE is defined as adjusted EBITA over average capital employed, which is calculated as total assets less non-interest-bearing liabilities and cash and cash equivalents.

Calculated on the basis of the published figures from the consolidated financial statements (as the average of the reporting date amounts for the prior year and the year under review), ROCE was 12.6% in 2016 and 12.9% in 2015. Both ROCE figures are negatively impacted by one-off effects. For the financial year 2016, this is primarily due to the Life Science Research Division being accounted for as a discontinued operation. This means that the adjusted EBITA from the Life Science Research Division is left out of the numerator for the full financial year, whereas the balance sheet items in the denominator are included in their full amounts. In the financial year 2015, Centor was included in the consolidation for the first time from the fourth quarter onward. As a result, a portion of adjusted EBITA was only included for one quarter in the numerator, whereas the balance sheet items in the denominator were included in their full amounts as of the 2015 year-end.

INCOME STATEMENT: KEY ITEMS

in EUR m	**2016**	**in % of revenues**	2015	in % of revenues
Revenues	**1,375.5**		**1,282.9**	
Cost of sales	-943.7	-68.6	-909.1	-70.9
Selling expenses	-166.6	-12.1	-159.8	-12.5
General administrative expenses	-88.8	-6.5	-83.0	-6.5
Restructuring expenses	-2.3	-0.2	-6.9	-0.5
Other operating expenses and income	6.4	0.5	57.9	4.5
Results of operations	**180.5**	**13.1**	**182.0**	**14.2**
Net finance expense [1]	-33.5	-2.4	-34.6	-2.7
Income tax	-42.5	-3.1	-43.4	-3.4
Net income from continuing operations	**104.5**	**7.6**	**104.0**	**8.1**
Net income from discontinued operations	63.7 [2]		8.7	
Net income	**168.2**		**112.7**	
Attributable to non-controlling interests	46.6		8.4	
Attributable to equity holders of the parent	**121.6**		**104.3**	

[1] Net finance expense comprises interest income and expenses in relation to the net financial debt of the Gerresheimer Group. It also includes net interest expenses for pension provisions together with exchange rate effects from financing activities and from related derivative hedges.

[2] In addition to net income from operating activities, net income from discontinued operations also includes the EUR 74.3m accounting profit on the sale of the Life Science Research Division, less EUR 4.4m in project and other costs associated with the transaction and the related tax expense of EUR 13.8m.

FUNCTION COSTS

The 3.8% rise in cost of sales to EUR 943.7m (2015: EUR 909.1m) mainly reflected a higher cost of materials, notably as a result of the full-year inclusion of Centor, and increased personnel expenses in line with normal pay trends. In contrast, as a percentage of revenues, cost of sales declined by 2.3 percentage points. At 12.1%, selling expenses likewise showed a slight decrease of 0.4 percentage points as a percentage of revenues. In absolute figures, selling expenses increased slightly due to the substantially higher amortization of fair value adjustments as a result of the Centor acquisition. As a percentage of revenues, administrative expenses were on a par with the financial year 2015.

Net other operating income and expenses came to EUR 6.4m, compared with EUR 57.9m in the comparative prior-year period. The decrease primarily consists of the income realized in the prior year on the sale of the glass tubing business to Corning less one-off expenses incurred on that transaction and on the acquisition of Centor.

NET FINANCE EXPENSE

Net finance expense for the financial year 2016 was EUR 33.5m, EUR 1.1m below the prior-year figure of EUR 34.6m. This reflects an increase in interest expenses by EUR 0.3m combined with interest income almost identical to the prior year versus a EUR 1.4m decrease in other net finance expense, mainly due to lower exchange differences compared with the prior year.

INCOME TAXES

Income taxes came to EUR 42.5m, compared with EUR 43.4m in the prior year. As of November 30, 2016, the effective tax rate was 28.9%, on a par with the forecast rate of 29.0% and slightly down on the prior-year effective tax rate of 29.4%.

NET INCOME AND ADJUSTED NET INCOME

The Gerresheimer Group recorded net income of EUR 168.2m as of November 30, 2016, a significant increase of EUR 55.5m on the prior-year figure.

in EUR m	2016	2015	Change
Net income	**168.2**	**112.7**	**55.5**
Sale of the Life Science Research Division	69.9	–	69.9
Related tax effect	-13.8	–	-13.8
Sale of the glass tubing business	0.3	52.2	-51.9
Related tax effect	-0.1	-16.8	16.7
Acquisition Centor	-0.1	-11.6	11.5
Related tax effect	–	3.9	-3.9
Portfolio optimization	-3.5	-15.9	12.4
Related tax effect	1.1	4.9	-3.8
One-off income and expenses	-0.5	-0.4	-0.1
Related tax effect	-0.1	0.2	-0.1
Amortization of fair value adjustments[1]	-38.1	-22.3	-15.8
Related tax effect	13.2	7.0	6.2
One-off effects in the net finance expense	-0.2	-6.5	6.3
Related tax effect	0.1	2.1	-2.0
Tax special effects	0.7	-1.2	1.9
Related tax effect	0.1	-0.6	0.7
Adjusted net income	**139.0**	**117.7**	**21.3**
Attributable to non-controlling interests	**46.6**	**8.4**	**38.2**
Amortization of fair value adjustments	-1.3	-2.5	1.2
Related tax effect	0.2	0.2	–
One-off income and expenses	41.3	–	41.3
Related tax effect	–	–	–
Adjusted net income attributable to non-controlling interests	**6.4**	**10.7**	**-4.3**
Adjusted income after non-controlling interests	**132.6**	**107.0**	**25.6**
Adjusted net income per share in EUR after non-controlling interests	4.22	3.41	–

[1] The amortization of fair value adjustments item includes a EUR 1.5m (2015: EUR 1.9m) expense that in the consolidated income statement is contained in net income from discontinued operations.

Adjusted net income (defined as net income, including net income attributable to non-controlling interests, before amortization of fair value adjustments, the non-recurring effect of restructuring expenses and the balance of one-off income/expense inclusive of related tax effects) came to EUR 139.0m in the financial year 2016, compared with EUR 117.7m in the prior year. Adjusted earnings per share after net income attributable to non-controlling interests was thus EUR 4.22, compared with EUR 3.41 in the prior year.

The adjustments of EUR 69.9m in connection with the sale of the Life Science Research Division mainly consist of the EUR 74.3m book gain on the sale less EUR 4.4m in project and other costs associated with the transaction. The tax impact for Gerresheimer's share in the sale is EUR 13.8m. The pretax profit attributable to non-controlling interests from the sale of the Life Science Research Division is EUR 41.3m and is adjusted out as a one-off income item in net income attributable to non-controlling interests.

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS (PROPOSED DIVIDEND)

At the Annual General Meeting on April 26, 2017, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.05 per share shall be paid for the financial year 2016 (2015: EUR 0.85 per share). This represents a total dividend distribution of EUR 33.0m and an increase of 23.5% against the prior-year dividend. The dividend ratio amounts to 24.9% of adjusted net income after non-controlling interests. This distribution is in line with our dividend policy of distributing to our shareholders between 20% and 30% of adjusted net income after non-controlling interests, depending on our operating performance. Furthermore, a proposal will be made to carry forward the Company's remaining retained earnings of EUR 93.3m. In this way, Gerresheimer shareholders will this year once again participate in the business success of the Gerresheimer Group.

NET ASSETS

BALANCE SHEET

The Gerresheimer Group's net assets changed as follows in the financial year 2016:

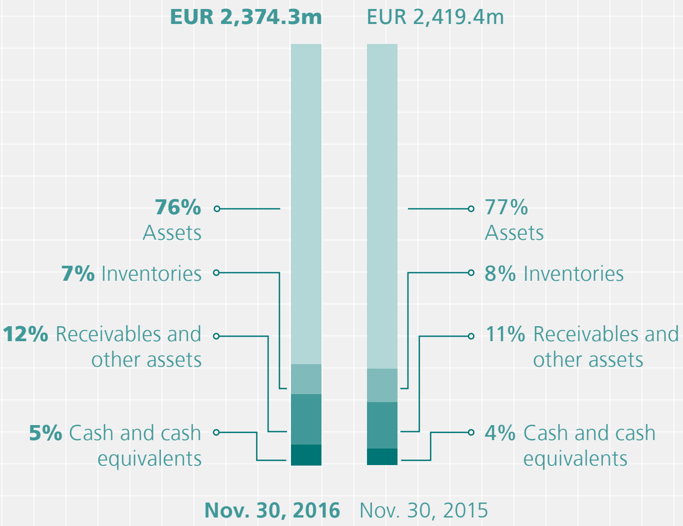
Assets in EUR m	**Nov. 30, 2016**	Nov. 30, 2015	Change in %[2]
Intangible assets, property, plant, equipment and investment property	1,809.8	1,861.8[1]	-2.8
Investment accounted for using the equity method	0.3	0.2	10.5
Other non-current assets	21.5	19.3	11.2
Non-current assets	**1,831.6**	**1,881.3**	**-2.6**
Inventories	155.4	186.4	-16.6
Trade receivables	232.1	219.0	6.0
Other current assets	155.2	132.7[1]	17.0
Current assets	**542.7**	**538.1**	**0.9**
Total assets	**2,374.3**	**2,419.4**	**-1.9**

Equity and Liabilities in EUR m	**Nov. 30, 2016**	Nov. 30, 2015	Change in %[2]
Equity and non-controlling interests	**763.3**	**698.1**	**9.3**
Non-current provisions	167.5	165.0	1.5
Financial liabilities	744.6	740.8	0.5
Other non-current liabilities	157.8	147.7[1]	6.8
Non-current liabilities	**1,069.9**	**1,053.5**	**1.6**
Financial liabilities	185.4	249.6	-25.7
Trade payables	157.0	160.9	-2.5
Other current provisions and liabilities	198.7	257.3[1]	-22.8
Current liabilities	**541.1**	**667.8**	**-19.0**
Total equity and liabilities	**2,374.3**	**2,419.4**	**-1.9**

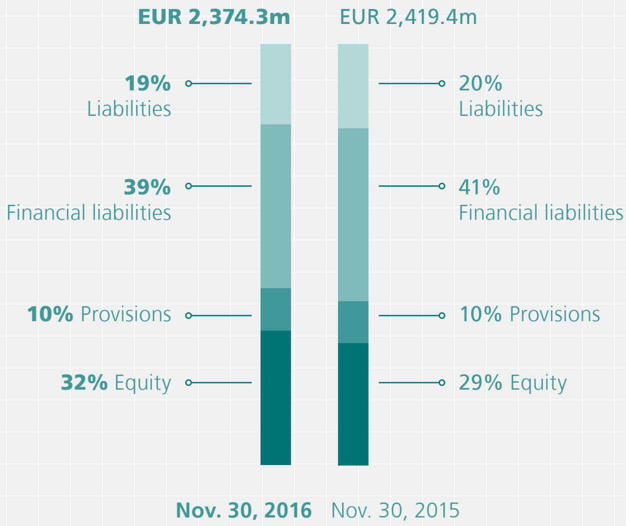
[1] Retrospective adjustment due to the application of the one-year period after the acquisition of Centor as of September 1, 2015.
[2] The changes have been calculated on a EUR k basis.

Total assets in the Gerresheimer Group stood at EUR 2,374.3m as of November 30, 2016, a decrease of EUR 45.1m or 1.9% on the prior-year figure.

Assets



Equity and liabilities



BALANCE SHEET STRUCTURE AND RATIOS

Non-current assets decreased to EUR 1,831.6m (2015: EUR 1,881.3m). This corresponds to a reduction of EUR 49.7m or 2.6%. Compared with the prior year, non-current assets went down slightly to 77.1% of total assets (2015: 77.8%). Current assets amounted to EUR 542.7m as of the balance sheet date, up 0.9% on the prior-year figure (2015: EUR 538.1m). They thus account for 22.9% of total assets (2015: 22.2%). The asset side of the balance sheet was mainly affected by lower intangible assets due to amortization and by the sale of the Life Science Research Division. In the opposite direction, cash and cash equivalents increased compared with the prior-year reporting date.

NON-CURRENT ASSETS

Intangible assets, property, plant and equipment, and investment property amounted to EUR 1,809.8m as of the balance sheet date (2015: EUR 1,861.8m). The decrease is mostly attributable to amortization of the intangible assets added in the prior year in connection with the acquisition of Centor. It also relates to the sale of the Life Science Research Division. Capital expenditure on intangible assets and property, plant and equipment amounted to EUR 113.2m (2015: EUR 125.8m), versus depreciation and amortization of EUR 86.9m[5] (2015: EUR 84.5m) and amortization of fair value adjustments of EUR 36.6m (2015: EUR 20.4m plus impairment losses on the fair value of the Kimble/Kontes brand of EUR 15.7m). The increase in amortization of fair value adjustments primarily relates to amortization of customer relationships at Centor, which in the prior year was only included from completion of the acquisition as of September 1, 2015. Impairment losses totaled EUR 1.2m (2015: EUR 6.3m) and are attributable to the portfolio adjustments already communicated as well as to further standardization within the Group.

Other non-current assets rose from EUR 19.3m in the prior year to EUR 21.5m as of November 30, 2016. These primarily comprise deferred tax assets in the amount of EUR 13.6m.

CURRENT ASSETS

Inventories went down by 16.6% compared with the prior year, while trade receivables increased by 6.0%. Inventories came to EUR 155.4m as of the balance sheet date (2015: EUR 186.4m). Trade receivables amounted to EUR 232.1m (2015: EUR 219.0m). Trade receivables mainly increased in line with revenue growth. Inventories and trade receivables made up 16.3% of total assets as of the balance sheet date, compared with 16.8% in the prior year.

[5] Including EUR 0.2m impairment losses unrelated to portfolio optimization.

EQUITY

Gerresheimer Group equity, including non-controlling interests, rose by EUR 65.2m to EUR 763.3m. The increase reflects positive net income, which more than offsets distributions in the amount of EUR 26.7m to Gerresheimer AG shareholders and EUR 66.6m to non-controlling interests (mainly relating to the sale of the Life Science Research Division). Exchange differences also reduced equity by EUR 9.0m. The equity ratio was 32.1% as of November 30, 2016, compared with 28.9% as of the end of the financial year 2015.

NON-CURRENT LIABILITIES

Non-current liabilities came to EUR 1,069.9m (2015: EUR 1,053.5m). This represents an increase of EUR 16.4m on the prior year. Non-current provisions were up by 1.5% on the prior-year figure. Non-current financial liabilities rose slightly year on year and amounted to EUR 744.6m as of November 30, 2016 (2015: EUR 740.8m). In addition to the EUR 300.0m bond issue, non-current financial liabilities also include the EUR 425.0m bonded loan launched by Gerresheimer AG in November 2015 to finance the Centor acquisition.

CURRENT LIABILITIES

Current liabilities amounted to EUR 541.1m as of the balance sheet date, down 19.0% on the prior year. They thus make up 22.8% of total equity and liabilities (2015: 27.6%). The difference principally reflects the use of receipts from the sale of the Life Science Research Division to draw down the revolving credit facility. Current financial liabilities consequently stood at EUR 185.4m as of November 30, 2016, compared with EUR 249.6m as of the prior reporting date. Other current provisions and liabilities came to EUR 198.7m as of the balance sheet date (2015: EUR 257.3m). The EUR 58.6m decrease mostly relates to the settlement in the first quarter of 2016 of the tax payable in connection with the sale of the glass tubing business in the financial year 2015.

NET WORKING CAPITAL

The Gerresheimer Group's net working capital stood at EUR 200.3m as of November 30, 2016, a decrease of EUR 13.4m compared with November 30, 2015.

in EUR m	**Nov. 30, 2016**	Nov. 30, 2015
Inventories	155.4	186.4
Trade receivables	232.1	219.0
Trade payables	157.0	160.9
Prepayments received	30.2	30.8
Net working capital	**200.3**	**213.7**

Expressed as a percentage of revenues in the past twelve months, average net working capital as of November 30, 2016, at 17.1%, was well below the level of 19.0% as of November 30, 2015. We thus attained the expectations communicated in the prior year. As of the reporting date, net working capital excluding the Life Science Research Division equated as in the prior year to 14.6% of revenues in the last twelve months. Likewise excluding the Life Science Research Division, average net working capital was 15.8% of revenues in the last twelve months, down from 18.1%. The lower figure mainly relates to the sale of the glass tubing business at the end of 2015 and the acquisition of Centor. There was also no repeat of the one-off impact of the temporary increase in inventories due to the closure of our plant in Millville and the furnace repair in Chicago in 2015.

OFF-BALANCE-SHEET ARRANGEMENTS

There were operating lease obligations totaling EUR 44.2m as of the balance sheet date (2015: EUR 43.2m). These relate to buildings, machinery, vehicle and IT-related operating leases and rentals.

INFLUENCE OF ACCOUNTING POLICIES

No accounting policies or related accounting options were applied in the 2016 consolidated financial statements that differ from prior years, and that, if applied differently, would have had a material effect on the Group's net assets, financial position and results of operations. Information on the use of estimates and on the assumptions and judgments applied is provided in the notes to the consolidated financial statements.

↘ p. 99 et seqq.

FINANCIAL CONDITION AND LIQUIDITY

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The control and optimization of the Gerresheimer Group's finances are primarily the responsibility of Group Treasury at Gerresheimer AG. Our overriding objective is to safeguard liquidity at all times through central procurement of funding as well as active control of currency and interest rate risk. We ensure an appropriate level of funding on an ongoing basis through rolling liquidity planning and central cash management.

In order to institutionalize decision and control processes in connection with safeguarding liquidity, financial planning and associated risk management, the Management Board has appointed an Investment Committee. Comprising the CFO as well as the heads of Controlling, Mergers & Acquisitions (M&A) and Treasury, the Committee normally meets on a quarterly basis. The core remit of the Investment Committee is to discuss and monitor relevant financial operating conditions for the Gerresheimer Group. Potential changes in extraneous factors in line with current market projections are appraised along with the financing situation and strategic growth options. All ideas and upcoming projects with a major financial impact are combined, assessed to determine whether they are fundable and re-examined from a risk management standpoint. Documents from the Investment Committee are provided to the other two members of the Management Board for information after each meeting. This means we have an additional early warning and control mechanism to supplement universal application of the dual-control principle.

As we operate worldwide, we use a range of tools to ensure effective financial management. In this way, we minimize any negative impact of default, currency and interest rate risk on the Gerresheimer Group's net assets, financial position and results of operations or cash flows.

The maximum credit risk from receivables faced by the Gerresheimer Group is the aggregate carrying amount of the receivables. We extend trade credit in the ordinary course of business and carry out regular assessments for specific financial status levels (credit checks). Bad debt allowances are recognized for doubtful receivables. Specific customer credit risk is measured using past collection experience and other information such as credit reports. We counter default risk by restricting contractual partners to those of good to very good credit standing. This is based on national and international agency ratings and rigorous observance of risk limits stipulated under trade credit insurance or internally.

Our international focus means that we conduct many transactions in foreign currency. To counter the associated risk that exchange rates may move adversely from our perspective, we use forward exchange contracts to hedge cash flows from unfulfilled foreign currency orders. Orders, receivables and payables are hedged as a rule with forward exchange contracts on inception. To counter interest rate risk, Group Treasury at Gerresheimer AG monitors interest rate trends on an ongoing basis and takes out corresponding interest rate hedges as needed.

Safeguarding the Gerresheimer Group's liquidity while allowing sufficient reserves for special eventualities is an integral part of ongoing liquidity management. Intra-Group cash pooling and intercompany lending permit efficient use of liquidity surpluses at Group companies to meet the cash needs of others. Sufficient cash pool lines and intercompany loans meant that there were neither financing nor liquidity shortfalls in the financial year 2016.

FINANCING INSTRUMENTS

There are currently three main components to our overall financing. First, there is a EUR 300m bond issued on May 19, 2011 at a price of 99.4%, with a 5.0% coupon and seven-year term ending in May 2018.

Second, a syndicated loan in the form of a EUR 450m revolving credit facility with a five-year term to maturity was signed in a refinancing arrangement on June 9, 2015. On June 15, 2015, this replaced the previous line of credit taken out in March 2011. The financial covenant underlying and applicable to the current syndicated loan is the ratio of net financial debt to adjusted EBITDA (EBITDA leverage). The revolving credit facility carries a basic rate of interest equal to EURIBOR for the drawing period plus a margin of between 0.45% and 1.30% depending on fulfillment of the EBITDA leverage covenant and plus a drawdown commission in line with the current loan status.

Gerresheimer AG took out a EUR 550m bridging loan with a maximum term of twelve months – plus an extension option for an additional six months – on September 1, 2015 in connection with the acquisition of Centor US Holding Inc. This bridging loan was repaid in November 2015 following Gerresheimer AG's successful EUR 425m issuance of bonded loans and pro rata from the proceeds of the sale of the glass tubing business. The Gerresheimer AG issuance of bonded loans signed on November 2, 2015 and paid out on November 10, 2015 comprises one five-year tranche in the amount of EUR 189.5m, one seven-year tranche in the amount of EUR 210.0m and one ten-year tranche in the amount of EUR 25.5m. Most of the individual tranches offer fixed interest and some variable interest.

Our foreign subsidiaries also have finance in the shape of approved bilateral credit lines, including bank overdrafts, in an amount equivalent to EUR 11.7m.

FINANCIAL LIABILITIES AND CREDIT FACILITIES

Net financial debt developed as follows:

in EUR m	Nov. 30, 2016	Nov. 30, 2015
Financial debt		
Syndicated facilities		
Revolving credit facility (since June 15, 2015)[1]	162.7	232.8
Total syndicated facilities	**162.7**	**232.8**
Senior notes – euro bond	300.0	300.0
Bonded loans	425.0	425.0
Local borrowings incl. bank overdrafts[1]	11.7	7.6
Finance lease liabilities	7.2	5.8
Total financial debt	**906.6**	**971.2**
Cash and cash equivalents	118.4	93.7
Net financial debt	**788.2**	**877.5**

[1] The exchange rates used for the translation of US dollar loans to euros were as follows: as of November 30, 2015: EUR 1.00/USD 1.0579; as of November 30, 2016: EUR 1.00/USD 1.0635.

Net financial debt decreased year on year and amounted to EUR 788.2m as of November 30, 2016, compared with EUR 877.5m in the prior year. The decrease in net financial debt as of November 30, 2016 mainly relates to the sale of the Life Science Research Division as of October 31, 2016. According to the credit line agreement as of November 30, 2016, adjusted EBITDA leverage was 2.6x as of the balance sheet date, compared with the prior-year figure of 2.9x.

The revolving syndicated loan (credit line of EUR 450m) was drawn by EUR 162.7m as of November 30, 2016 (2015: EUR 232.8m). Of the revolving credit facility, EUR 287.3m was available to us for capex, acquisitions and other operational requirements as of November 30, 2016.

DIVESTMENTS

Gerresheimer signed an agreement on September 10, 2016 to sell its Life Science Research Division to Duran Group, a portfolio company of One Equity Partners. The transaction was completed on October 31, 2016. On completion of the transaction, the Life Science Research Division had some 740 employees worldwide. It has production locations in Rockwood (Tennessee/USA), Rochester (New York/USA), Queretaro (Mexico), Meiningen-Dreissigacker (Germany) and Beijing (China).

For further information, please see note (2) of the notes to the consolidated financial statements.

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ANALYSIS OF CAPITAL EXPENDITURE

Gerresheimer undertook capital expenditure on property, plant and equipment and intangible assets as follows in the financial year 2016:

in EUR m	2016	2015	Change in %[1]
Plastics & Devices	51.6	36.0	43.2
Primary Packaging Glass	58.8	87.0	-32.3
Life Science Research	1.4	1.7	-20.6
Head office	1.4	1.1	23.6
Total capital expenditure	**113.2**	**125.8**	**-10.1**
Depreciation	86.9[2]	84.5	2.8
Reinvestment ratio[3] in %	**129.0**	**146.9**	**–**

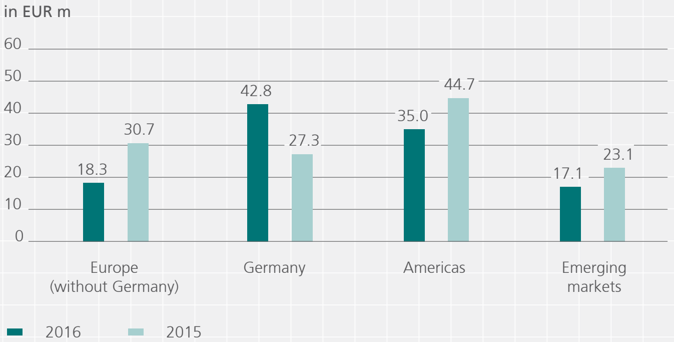
[1] Change calculated on a EUR k basis.
[2] Including EUR 0.2m impairment losses.
[3] Capital expenditure in the Life Science Research Division was not included in the reinvestment ratio for the financial year 2016 or for 2015 as the division is not included in depreciation and amortization. The analysis likewise excludes EUR 0.2m impairment losses in the financial year 2016.

Capital expenditure in the Plastics & Devices Division focused on capacity expansion at our Berlin, (Ohio/USA) location and the purchase of a site in Goias (Brazil). Other items included residual activities in Peachtree City, (Georgia/USA) and expenditure on inspection technology for syringe production.

Capital expenditure in the Primary Packaging Glass Division mainly related to a scheduled furnace expansion in Tettau (Germany) and expenditure for a distribution center in Chicago, (Illinois/USA), for a finance lease, and for vial and cartridge machinery as part of global standardization in the converting business. As in prior years, we also invested in molds, tools and modernization.

The reinvestment ratio (capital expenditure on property, plant and equipment and intangible assets to depreciation) was 129.0% (2015: 146.9%).

Capital expenditure is broken down by economic region as follows



From a regional perspective, 30.9% of capital expenditure in the financial year 2016 was accounted for by the Americas (2015: 35.6%), 15.1% by emerging economies (2015: 18.4%), 16.2% by Europe excluding Germany (2015: 24.3%) and 37.8% by Germany (2015: 21.7%).

Capital expenditure in Germany primarily related to the scheduled expansion of a furnace in Tettau. In Europe (excluding Germany), capital expenditure was mainly focused on vial and cartridge machinery in the Primary Packaging Glass Division. The capital expenditure in the Americas mostly consisted of capacity expansion in the Plastics & Devices Division and that in emerging markets of the purchase of a site in Brazil.

OPERATING CASH FLOW

in EUR m	2016	2015
Adjusted EBITDA [1]	**320.6**	**277.9**
Change in net working capital	-12.5	24.9
Capital expenditure	-110.7	-125.8
Operating cash flow	**197.4**	**177.0**
Net interest paid	-24.1	-27.5
Net taxes paid	-92.8	-38.8
Pension benefits paid	-12.7	-12.8
Other	-3.1	-18.8
Free cash flow before acquisitions	**64.7**	**79.1**
Acquisitions	116.7	-475.4
Financing activity	-161.0	415.5
Changes in financial resources	**20.4**	**19.2**

[1] The presentation of adjusted EBITDA in connection with the calculation of operating cash flow includes the adjusted EBITDA of the discontinued operation comprised by the Life Science Research Division.

At EUR 197.4m, operating cash flow was up EUR 20.4m on the prior-year figure of EUR 177.0m. The improvement mainly reflects the significant increase in adjusted EBITDA, on the one hand, and lower capital expenditure, on the other. The operating cash flow margin in relation to revenues at constant exchange rate was 14.3 % in the financial year 2016. This KPI was positively impacted by one-off effects, in particular the reclassification of the Life Service Research Division as discontinued operation.

CASH FLOW STATEMENT

in EUR m	2016	2015
Cash flow from operating activities	173.5	203.8
Cash flow from investing activities	7.9	-600.1
Cash flow from financing activities	-161.0	415.5
Changes in financial resources	**20.4**	**19.2**
Effect of exchange rate changes on financial resources	0.2	3.2
Financial resources at the beginning of the period	87.1	64.7
Financial resources at the end of the period	107.7	87.1

Cash flow from operating activities decreased by 14.9% to EUR 173.5m in the financial year 2016. This was mainly because of the tax paid in the first quarter of 2016 in connection with the sale of the glass tubing business in the prior year.

Investing activities generated a net cash inflow of EUR 7.9m, a major contrast against the prior-year cash outflow of EUR 600.1m. Capital expenditure on intangible assets and property, plant and equipment was EUR 110.7m, a lower amount than in the prior year (EUR 125.8m). The sale of the Life Science Research Division less divested cash and cash equivalents generated cash receipts of EUR 118.0m. In the prior year, we incurred payments less acquired cash and cash equivalents of EUR 650.5m for the acquisition of Centor. We also recognized cash received in connection with divestments of EUR 175.2m in the financial year 2015, attributable in full to the sale of the glass tubing business.

The net cash outflow from financing activities was EUR 161.0m in the year under review (2015: net cash inflow of EUR 415.5m). This is mainly a result of drawing down the revolving credit facility in connection with the receipts from the sale of the Life Science Research Division and of distributions to third parties in the amount of EUR 92.9m.

The Gerresheimer Group had EUR 107.7m in financial resources as of November 30, 2016 (2015: EUR 87.1m). As of the end of the reporting period, Gerresheimer additionally had at its disposal a EUR 450.0m revolving syndicated loan, which was drawn down by EUR 162.7m as of November 30, 2016. The remaining amount is available to Gerresheimer for purposes such as capital expenditure, acquisitions and other operational requirements.

MANAGEMENT BOARD'S OVERALL ASSESSMENT OF THE BUSINESS SITUATION

The Gerresheimer Group continued to perform well in the financial year 2016. A notable highlight alongside the 7.2% boost in revenues is the increased profitability, as seen in the approximately two percentage point improvement in the adjusted EBITDA margin. Furthermore, adjusted consolidated earnings per share excluding non-controlling interests rose to a very good EUR 4.22 – an increase of 23.8% (2015: EUR 3.41). Following the divestment of the tubular glass business, we have now parted with a further non-core business with the sale of the Life Science Research Division.

At EUR 113.2m, capital expenditure was 10.1% down on the prior year. This fed through to a significant increase in operating cash flow, as a result of which our leverage – the ratio of interest-bearing net financial debt to adjusted EBITDA in accordance with the credit line agreement as of November 30, 2016 – stood at 2.6x, below the prior-year figure of 2.9x. Our net asset position remains very solid. Equity and non-current liabilities provided 100.1% coverage of non-current assets (2015: 93.1%). The equity ratio increased from 28.9% in the prior year to 32.1% in the year under review.

NON-FINANCIAL SUCCESS FACTORS OF THE GERRESHEIMER GROUP

EMPLOYEES

OUR HUMAN RESOURCES MANAGEMENT PRIORITIES

The knowledge, skills and commitment of our workforce are the key to our success. It is they and not substitutable plant and machinery who constitute the driver and engine of our business. We will only attain our ambitious targets and our vision in the years ahead if we foster and develop our workforce and if the development of the business goes hand in hand with that of our employees.

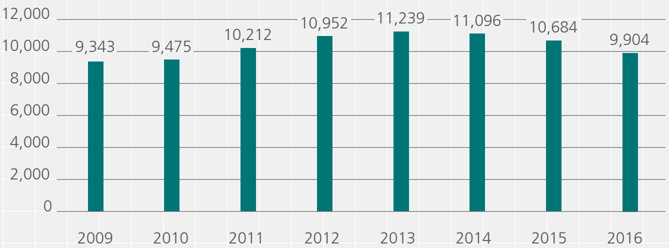
We operate in a highly dynamic environment that places demands on our workforce and in recent years has been characterized by constant change. The core challenge of our global human resources management is to keep pace with this change and drive forward the integration of new divisions while making it possible for our unique "One Gerresheimer" culture to thrive at all locations. We therefore apply the guiding principle in our corporate strategy of "as central as necessary, as decentralized as possible", and have deliberately organized our human resources activities along decentralized lines. Only in this way are we able to cater to the individual needs of almost 10,000 employees at 42 locations in 14 countries.

WORKFORCE STRUCTURE

The Gerresheimer Group had 9,904 employees as of the end of the financial year 2016 (2015: 10,684). This represents a decrease of 7.3% compared with the 2015 financial year-end (2015: decrease of 3.7%). The main reason for the reduction in our workforce is the sale of our Life Science Research Division. Some 740 employees left the Gerresheimer Group on the sale as of the end of October 2016.

Gerresheimer Group employees

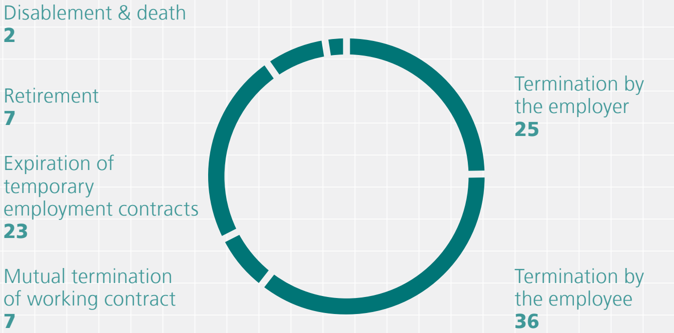
Number



A further 1,404 employees left the Group on account of retirement, voluntary termination of employment, termination by the Company, expiration of contract, termination of the employment relationship by mutual agreement, incapacity or death of the employee.

Reasons for leaving the Group

in %

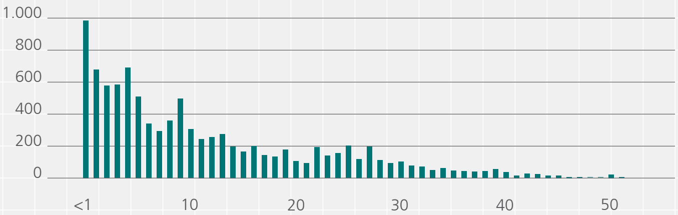


The average size of the workforce employed by the Gerresheimer Group over the year was 10,508 (2015: 10,944). Employee turnover was 14.8%. A high average length of service of 11.9 years reflects the attractiveness of the Gerresheimer Group as an employer. This was once again borne out by outside expertise in the year under review, with Gerresheimer being voted top national employer in Germany by the Focus news magazine, the Xing careers network and the Kununu employer rating portal.

The focus of our activities is on the manufacture of primary packaging. We consequently have a large proportion of blue collar employees (74.9%; 2015: 75.2%).

Number of employees by years of service

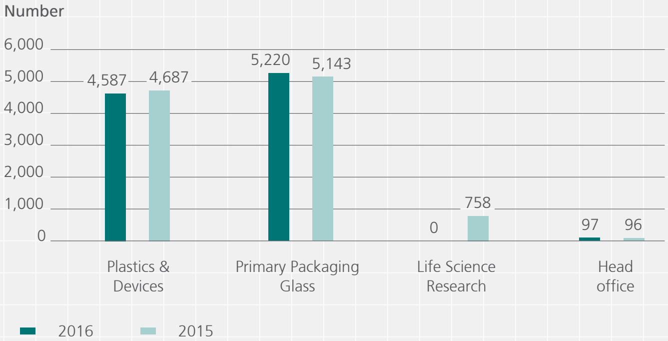
in years



EMPLOYEES BY DIVISION

The Primary Packaging Glass Division had 5,220 employees as of the end of the financial year 2016 (2015: 5,143). This represents an increase of 1.5% (2015: decrease of 10.3%). The number of employees in the Plastics & Devices Division decreased slightly to 4,587 as of the 2016 financial year-end (2015: 4,687). A total of 97 employees worked in the headquarters as of the end of the financial year 2016 (2015: 96). Of these, 91 (2015: 88) were on the payroll of Gerresheimer AG as of the balance sheet date.

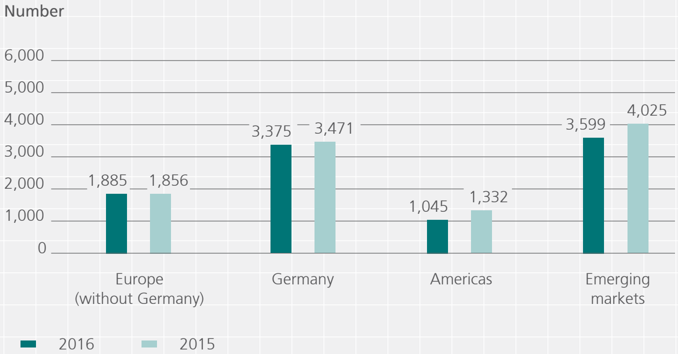
Employees by division



EMPLOYEES BY REGION

In line with our strategy, we produce in the regions where our markets are located – at 36 plants on four different continents, with 1,885 employees in Europe (excluding Germany), 1,045 in the Americas and 3,599 in emerging markets. As a company with a long tradition in Germany, we remain committed to Germany as a business location, with 3,375 employees at ten operating locations as of the financial year-end 2016 (2015: 3,471).

Employees by region



DIVERSITY

We achieve our business success through close teamwork. Our outstanding teams are made up of employees of both genders, many different nationalities and all ages. We firmly believe that workforce diversity is a key success factor and competitive advantage. As an employer, we therefore promote teamwork with an open feedback culture, targeted development measures for teams and individuals, and challenging responsibilities in a global setting. We fill vacancies exclusively on the basis of applicants' qualification for the job, regardless of origin, age or gender.

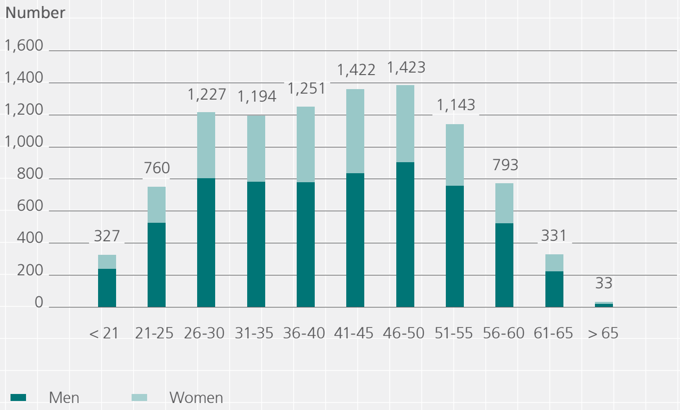
Our 9,904 employees come from a total of 57 different countries. The youngest apprentice at Gerresheimer is 16 years old and our oldest employee is 69. Given the frequently physically demanding and strenuous work involved, the proportion of women is relatively low, especially on the factory floor, where it stands at 34.1% (2015: 34.6%). Among office employees, the proportion of women is somewhat higher at 36.4% (2015: 35.9%). Across the Group as a whole, the percentage of women is 34.6% (2015: 34.9%). We work on an ongoing, targeted basis to achieve a continuous increase in the proportion of women, notably in management positions. Women currently account for 24.4% of all such positions. The proportion of women in the first two levels of management was 16.7% as of the end of the reporting year (2015: 11.2%). As such, we believe we have made good progress in this regard. By means of individual measures such as flexible working hours and working from home as well as part-time schemes, we aim to help employees reconcile work with family life and to further enhance the position of the Gerresheimer Group as an attractive family-friendly employer.

DEMOGRAPHIC CHANGE AND HEALTH MANAGEMENT

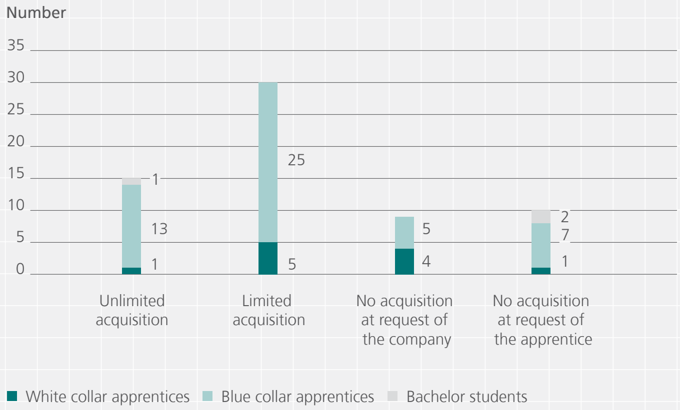
The average age of the Gerresheimer workforce is currently 40.8 years. In light of rising life expectancies in many regions of the world, this will tend to increase. The main focus here is on our plants in Europe, where the mean age is above average at 41.2 years. As part of a comprehensive health management system, we therefore offer a wide array of measures at many locations to foster a fit and healthy workforce. This is no less than a business necessity for us given that we need employees capable of performing what is often physically demanding work. We consequently enhance and promote measures to protect and maintain employee health.

Another growing focus is on knowledge transfer and retention. Many of our employees will retire from the Company in coming years. These employees are specialists in their field and have a wealth of experience. There are various initiatives to even better retain this expert knowledge and ensure that it is passed on to younger colleagues. In parallel, we have once again stepped up our personnel and talent recruitment activities and continue to invest heavily in training young people.

Employees by age



Subsequent employment of trainees

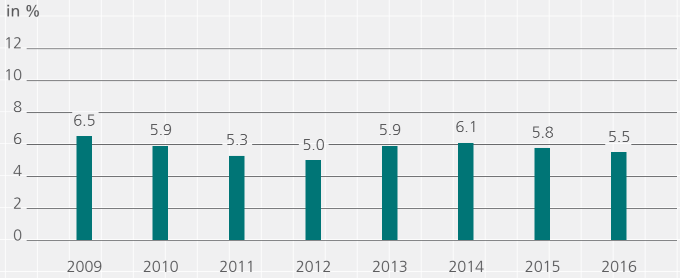


APPRENTICESHIPS

Good occupational training lays the foundation for young people's personal success and likewise secures the business success of our Company. We currently provide apprenticeships in 16 training occupations ranging from milling machine operator to combined training as a foreign language correspondent and industrial clerk. In addition, we offer twelve co-op education programs, such as a Bachelor of Engineering with a mechanical engineering major. We see this form of education as a good way of closing the gap between a practical work/training program and an academic degree program. The success of our efforts is demonstrated by the fact that our trainees regularly rank in the top group in inter-regional comparisons and by the awards and prizes they win. As a case in point, three trainees and co-op students at our Regensburg (Germany) location were awarded a stipend for their outstanding accomplishments in July 2016 by the German Association of Plastics Converters (GKV). They were the top three students nationwide. In total, our Regensburg location has so far garnered 27 awards related to training.

As of November 30, 2016, 187 young people in Germany were in training with the Gerresheimer Group (2015: 202). Our 5.5% training ratio is above the national training ratio for the glass processing industry (4.2%) and that of the plastic converting industry (5.15%). We train specialists whom we urgently need and who are, in many cases, not to be found on the open recruitment market. Of the 64 trainees who completed their training with us in 2016, we took on 45. Only ten trainees were not taken on of their own volition and just nine were not offered a contract of employment after completing their training.

Training rate



OCCUPATIONAL SAFETY

We take our responsibility for the safety of our employees and for our environment very seriously. Our aim is to guarantee the maximum possible standard of safety at every location worldwide. At the same time, we seek to minimize negative impacts of our activities on nature and the environment. This was a major factor in our decision to establish the position of Group Coordinator for the Environment, Health and Safety at our headquarters this year. To back this up with formal, binding confirmation, we have entered into related agreements – that exceed statutory requirements – with employee representations and unions around the world.

The number of occupational accidents per million hours worked was 386 worldwide (2015: 354). This represents an increase of 9.0% on the prior year. The number of serious occupational accidents increased to 207 (2015: 194). Six occupational accidents required a significant halt to production. In total, all occupational accidents taken together resulted in 4,166 days' absence.

The majority of the occupational accidents can be traced to inappropriate behavior on the part of employees. This is what prompted the launch of our "Behavior-based Safety" project in October. The project aims to alert employees to the dangers of inappropriate behavior in order to further increase workforce awareness of risk prevention. We will continue to work on our safety procedures and precautions until we no longer have any occupational accidents to report.

As a business enterprise, we see it as our responsibility to do all we can to prevent any violation of human rights in our Company. We have no knowledge of any human rights violations in our Company in the financial year 2016. To make sure it stays that way, we adopted a range of new measures in 2016 – above all in high-risk countries – to detect and combat violation of human rights. These include a hotline allowing any violations to be reported anonymously. By such means, we ensure that there is no child labor or forced labor in our plants. Similarly, we guarantee freedom of association for our employees. We require that our suppliers adhere to the same standards.

FIVE YEARS OF VISION, MISSION AND VALUES

It is five years since the adoption of the Gerresheimer vision, mission and values across the entire Gerresheimer Group. These ensure that we regard ourselves not as a loose grouping of 42 locations in 14 countries, but as "One Gerresheimer" – a unified force with a shared understanding. Our annual employee reviews, for example, are based around our values.

Similarly, our values are the foundation of global executive management development and training. Each year, the focus is placed on one of our five values to constitute an integrated development program for executive management. The focus value in 2016 was Excellence, with training on the subject provided for 68 members of the executive management team.

GLOBAL HUMAN RESOURCES DEVELOPMENT

Alongside our executive management programs, we naturally invest in the professional, methodological and personal development of our employees. For us, human resources development is about people, and systematically developing their potential. We identify needs and help develop skills on a targeted basis. In the process, we aim to reconcile our corporate goals with people's individual career aspirations. We see our task as motivating and encouraging people as well as bringing them into dialog. As well as offering global, cross-divisional training, coaching and organizational development, we support projects such as our worldwide employee surveys and the Sales Academy. We also provide a variety of management development programs. These include "Leading White", which prepares office managers for their various roles. As a counterpart to this, we have developed the "Leading Blue" program to strengthen people in managerial roles on the shop floor. Supervisors and shift leaders often serve as go-betweens for employees and management. Nine managers took part in Leading White and 89 in Leading Blue training in the financial year 2016. Talented employees in finance can be nominated for our finance development program that is geared to individual strengths and knowledge areas. In total, our central further training budget for the financial year 2016 was some EUR 3.4m and covered over 200,000 hours of training.

JOINT GLOBAL ACTIVITIES

As a counterweight to our decentralized structure, we promote joint activities under the One Gerresheimer banner that bring us together, outside the work routine, in one place or around a common topic or theme. We thus held our second One Gerresheimer Week in 2016 – one week in the financial year in which we organize joint events and activities around our core values. The focus value for One Gerresheimer Week in July 2016 was Excellence. Employees at locations the world over organized events and activities ranging from workshops on Excellence and the Lean Office through to presentations on current societal issues. Each activity was also linked to a charitable cause for which employees collected donations during the course of One Gerresheimer Week. The proceeds then went to a charity project that each location selected for itself. The financial year 2016 also saw the fifteenth Gerresheimer soccer "world cup". This attracts sports enthusiasts from all locations to get together and compete in soccer or volleyball matches. The event this year was organized by our plant in Boleslawiec (Poland). Our Pfreimd (Germany) plant will continue the tradition in the financial year 2017.

INNOVATION, RESEARCH AND DEVELOPMENT

We aim to become the leading global partner for enabling solutions that improve health and well-being. At the same time, our customers' requirements are changing: Innovation and quality are increasingly critical factors in the market. This makes issues such as rising quality expectations as well as innovative products and solutions integral to our growth strategy. We continue to invest on an ongoing basis both in enhancing production and product quality as well as in fine-tuning our product portfolio. This entails close collaboration with our customers and with our partners in industry, in the scientific community and at other institutions.

We manufacture specialized products that come into direct contact with pharmaceuticals and that patients use in everyday life to take their medication. Our primary pharma packaging and drug delivery devices are important products for the pharma industry. Primary packaging and drug delivery devices are subject to extremely strict requirements imposed by the national and international regulatory authorities, particularly with regard to manufacturing processes and product quality. Newly developed drugs also create more demanding requirements for primary pharma packaging products and their quality. Simple and safe drug application is also a growing focus. With our continuous improvements in products and processes and our innovations, we have established a strong position in the market and with our customers – a position that we aim to further enhance.

CLEAN-ROOM TECHNOLOGY

Increased use of clean-room technology is a key part of our drive to further enhance quality. Many of our plants produce in a clean-room environment. Other plants perform quality control, sterilization and safe packaging in clean rooms or controlled environments.

We completed a third clean room for the production of plastic primary pharma packaging at our plant in Boleslawiec (Poland) during the financial year 2016. The clean room is divided into three separate sections for production using injection molding machines, for wrapping and for final palletization. We also modernized and optimized our clean-room capacity at our plastic pharma packaging plant in Butanta (Sao Paulo/Brazil). A new clean room was likewise built at our Spanish plant in Zaragoza serving the same business unit. In Kundli (India), we completed a new production section including a clean room and fitted it out with the latest injection molding technology in the financial year 2016. Since the full modernization of our molded glass plant in Chicago Heights (Illinois/USA) in late summer 2015, inspection control and packaging have been performed in a controlled environment.

ENGINEERING

From our long-standing experience with glass and plastics as materials and with complex production processes, we have developed considerable engineering expertise for the continuous improvement of production processes and product quality. Each business unit at Gerresheimer has its own engineering and development capabilities.

We have four Technical Competence Center (TCC) in our Medical Systems Business Unit. The experts at our TCC in Wackersdorf (Germany), Peachtree City (Georgia/USA) and Dongguan City (China) focus on the design and development of customer-specific plastic medical products. A further TCC for prefillable syringes and safety accessories is located in Buende (Germany). Development and design for new products are also performed by Gerresheimer item GmbH, a subsidiary of Gerresheimer AG.

Developing and improving production and quality processes in tubular glass converting – making injection vials, ampoules, cartridges and syringes from tubular glass – is the focus of our engineering team in the USA. Its job is to continuously improve the machine and inspection systems we use to quality-control products. End products are only released for shipping if they meet our stringent quality standards. The products we develop in-house are part of a meticulous inspection system that ensures maximum precision and quality assurance to the latest standards. Our Gx® G3 inspection system for prefillable syringes and injection vials enables all parts of a syringe barrel to be inspected with high-resolution cameras. Gx® RHOC is a proprietary Gerresheimer camera system offering high dimensional quality. Gx® THOR (Thermal Hydrolytic Optimization and Reduction) is a new Gerresheimer technology to reduce delamination susceptibility in vials. The technology is integrated into existing forming lines. Gx® FLASH is a proprietary Gerresheimer test procedure to predict the susceptibility of vials to delamination. And Gx® Tekion™ is a system developed by Gerresheimer for cleaning glass tubes with ionized air.

The Tubular Glass Converting Business Unit is also host to our multi-year global machine strategy project launched in 2014. In this, we aim to provide customers with significantly improved injection vials of the highest quality, irrespective of the plant and region where they are produced. We install two types of machine to produce injection vials that exceed the industry standard both cosmetically and dimensionally. The two machine types are supplemented with standardized control, inspection and packaging technology. Following our plants in the USA, we completed modernization of the machines at our plant in Queretaro (Mexico) in 2016. The first new machines were also installed in Boleslawiec (Poland) during the course of 2016.

We invest continuously in state-of-the-art production and inspection technology in our Moulded Glass Business Unit. By regularly renewing furnaces, we have substantially boosted capacity at our molded glass plants in the last ten years while significantly cutting energy consumption per ton of glass produced. Regularly increasing automation in raw material supply and batch-making in combination with modern furnace control systems makes for continuous efficiency gains at the hot end. Notable projects in the financial year 2016 included expanding furnace capacity at our moulded glass plant in Tettau (Germany) and investment in additional production and finishing lines for glass cosmetics packaging.

In the manufacture of molded glass for drugs and cosmetics, the key lies in developing and producing molds to maximum precision. Gerresheimer stands out for outstanding versatility and product diversity in both pharma jars and cosmetic glass products. A perfect, even flow of molten glass inside molds is important in giving strength to the delicate products. To achieve this, we use advanced simulation software that we have fine-tuned to the special requirements of our product range. The simulation software calibrates production parameters on the basis of computational fluid dynamics. Here, the molding process and mold design are optimized, taking into account all chemical and physical properties of the glass. In this way, the software not only improves the products, but makes for a decisive reduction in development time.

PRODUCT INNOVATIONS

To protect tablets in plastic containers better than ever against moisture and oxygen, we developed the Duma® Twist-off Protect product group. These are the first multilayer plastic containers to be manufactured in an injection blow molding process. Our innovative production process removes the need to add a desiccant packet. The product group was developed further in 2016. We also adapted the closure system on our eye drop bottles to new US Food and Drug Administration (FDA) requirements. An additional tamper-evident ring tells the user that the product has not been opened since filling. In the Duma® Pocket tablet dispenser product group, we launched a new, larger format in 2016 with 100 ml volume. On the Duma® Combi, the tablet container features a generously sized compartment for a patient information leaflet.

Under the BioPack name, we have launched an extensive portfolio of plastic packaging for drugs and cosmetics made from biomaterial in place of conventional polyethylene (PET). Instead of crude oil, biomaterials are made from renewable raw materials such as sugar cane. Packaging made from biomaterials is fully recyclable, has the same properties as conventional packaging and can be used on existing filling and packaging lines.

INNOVATIONS FOR BIOTECH AND BEYOND

Many new drugs – and above all biotech and oncology drugs – set the bar even higher for primary pharma packaging. We are developing an extensive portfolio of new and improved products for this fast-growing market.

In the financial year 2016, we launched the innovative Gx RTF® ClearJect® syringe. This combines the existing syringe portfolio made from cyclic olefin polymer (COP) – a high-performance plastic – with the ready-to-fill concept featured on Gerresheimer's prefillable glass syringes. The first product in the new line, a 1 ml syringe with integrated cannula, is being manufactured by Gerresheimer in Europe. COP offers numerous advantages as a material. In particular, there is no need for additives during processing such as tungsten or adhesive for the syringe. This makes the Gx RTF® ClearJect® syringe especially well suited to drugs with exacting requirements.

The counterpart to the glass injection vial in our product range is the MultiShell® vial. These injection vials have a unique three-layer make-up comprising two COP layers and an intermediate layer of polyamide. They have unique barrier properties that improve drug stability and extend shelf life accordingly. The strong puncture resistance due to the multilayer skin prevents fluid escape, even under severe mechanical loading. MultiShell® vials are consequently suited to cytotoxic drugs, are biocompatible and meet key regulatory requirements for pharmaceutical packaging. There are a range of sizes in the product portfolio.

The prefillable glass syringes marketed by Gerresheimer as Gx RTF® syringes undergo continuous enhancement to make them the packaging of choice for new drugs. One example involves the tungsten pins often used to create the hole for the needle in a prefillable glass syringe. In some cases, notably with ophthalmological and biotech drugs, tungsten and tungsten oxide residues can react with the drug after filling. For sensitive applications of this kind, we develop low-tungsten or tungsten-free syringes.

A second example for the enhancement of prefillable glass syringes relates to the silicone coating typically applied inside the syringe barrel to improve the gliding properties of the plunger head. Many new biological drugs subject to exceptionally stringent requirements necessitate a new system approach. A comprehensive study by Gerresheimer confirms that by combining our proprietary baked-on siliconization with novel plunger heads, we can minimize particle loads to meet the stringent requirements for therapeutic protein products.

To provide sophisticated packaging for drugs in glass injection vials, we developed the Gx® Elite Glass product family. These vials made from type I borosilicate glass tubing meet the exacting customer requirements that prevail in the pharma market and high standards of safety for users. They are two to three times as robust as conventional type I glass, significantly more break-resistant on the filling line and in lyophilization, and exceed industry standards cosmetically and dimensionally. Gerresheimer develops additional high-quality glass pharmaceutical primary packaging products for special applications in a joint venture with Corning.

Intensive research and development work also preceded development of the new Gx® ARMOR vials. Temperature spikes in production are the main cause of delamination in glass tubing injection vials. This was discovered in a long-term study by Gerresheimer with Alfred University, New York, which led to the development of the Gx® ARMOR vials. The new product line is designed for parenteral solutions with aggressive active agents and specially equipped to prevent delamination.

CUSTOMER-SPECIFIC DEVELOPMENT

For customer-specific plastic medical products, development, machine construction, mold making and industrialization are co-located in our Competence Centers in the Plastics & Devices Division. These are sited at Wackersdorf (Germany), Peachtree City (Georgia/USA) and Dongguan City (China). We also offer integrated small batch production to support customers in the multistage approval process for pharmaceutical and medical technology products. The development and approval process requires us to repeatedly produce small numbers of units as clinical samples or stability batches.

Automation technology plays a major part in preparing for mass production. For improved handling on our mostly fully automated production lines, engineers, mechanics, electricians, designers and programmers at our development center in Wackersdorf have developed a new-generation handling system for loading and unloading injection molding machines. In another project, our tooling experts at Wackersdorf joined forces with syringe experts at Buende (Germany) to achieve significant improvements to the plastic nests in which prefillable glass syringes are packed and prepared for filling lines.

Customer-specific development also plays a major part in glass cosmetics packaging such as perfume flacons and cream jars. Like ourselves, our customers require high standards in both process and product quality. Most of our glass cosmetics packaging is produced in our molded glass plants in Tettau (Germany) and Momignies (Belgium). We developed some 100 new glass packaging products for the cosmetics industry in the year under review. At the same time, we produce several hundred variants of these different types of glass cosmetic packaging, in some cases applying elaborate finishing technologies such as spray coating and metallization. Expansion in finishing technologies in these plants in particular has been and remains a focus of capital investment for the growing high-quality cosmetics packaging market.

For further information on quality, see under “Quality Management”.

MAJORITY OF RESEARCH & DEVELOPMENT COST BORNE BY CUSTOMERS

In the past financial year, a total of EUR 3.2m (2015: EUR 1.8m) was spent on research and development. A further EUR 1.1m of development costs were capitalized in 2016 (2015: EUR 0.9m).

Research and development activities are exclusively carried out by Gerresheimer AG’s subsidiaries. They are closely geared to customer needs and accordingly are often carried out in collaboration with customers. In some cases, staff from pharmaceuticals companies work with us at our Competence Centers. The costs associated with these customer-specific research and development projects are largely borne by our customers.

PROCUREMENT

The Gerresheimer Group’s total cost of materials (including raw materials, consumables and supplies, energy costs, packaging materials and purchased services) in the financial year under review was EUR 494.7m (2015: EUR 452.3m). The procurement rate – the cost of procuring materials as a percentage of revenues – thus stood at 36.0%, slightly above the prior-year rate of 35.3%. As our divisions deploy different production technologies and production is distributed worldwide across Europe, North America, South America and Asia, our procurement is largely decentralized. Energy and goods or services not relevant to production, such as advisory services, data networks as well as hardware and software, are largely sourced centrally.

Our interactions with suppliers are governed by the Gerresheimer Compliance Program as well as by purchasing policies and procedural guidelines. It is also extremely important for us that our suppliers comply with the high quality requirements of our business. This is why we prefer to work with suppliers who are certified in accordance with the relevant ISO standards and also comply with the guidelines on quality assurance in the production of drugs and active ingredients (good manufacturing practice, or GMP). We ensure that our suppliers adhere to the Gerresheimer Principles for Responsible Supply Chain Management (available on our website at: www.gerresheimer.com/en/investor-relations/corporate-responsibility/customers-suppliers.html), which include key precepts on environmental protection, occupational health and ethical business conduct. To ensure that suppliers meet our criteria, we carry out regular supplier audits as required in our in-house Gerresheimer Management System (GMS).

As a manufacturer of high-quality primary pharma packaging, our molded glass plants use quartz sand, soda and soda lime as raw materials to make glass, along with other additives in relatively small quantities. These basic products are freely available and we procure them from a range of suppliers. There were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. Making glass also uses large quantities of energy, mostly in the form of gas and electricity. Some customer contracts provide for automatic adjustment after a specific time when energy prices change. As our contracts with pharmaceutical glass container and cosmetic glass customers rarely carry an agreed term of more than two years, adjustments for any changes in energy prices are generally made where necessary when agreements are extended. We minimize

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any residual risks as far as possible using hedges (see under "Financial Risks"). The production of plastic pharmaceutical primary packaging and of complex drug delivery systems like insulin pens and inhalers mainly requires specialist plastic granules and energy. These basic products are also freely available and procured from a range of suppliers. Here, too, there were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. The purchase prices for plastic granules depend, to a large extent, on the world market price for oil. In our contracts with customers for plastic pharma packaging and drug delivery devices, we therefore generally include provision for adjustments when granule and energy prices change, so as to minimize the risk of price changes in these basic products.

PRODUCTION

The same exceptionally high quality standards that are applied in the production of drugs also apply to the production of primary pharma packaging. Our in-house experts, our customers, external appraisers and supervisory bodies regularly verify our compliance with these standards, which are grouped under the heading of good manufacturing practice (GMP). Whatever form the production processes in the two divisions take, the principles of the Gerresheimer Management System (GMS – see under "Business Excellence") and the requirements of the Gerresheimer quality initiative (see under "Quality Management") apply at every Gerresheimer plant worldwide. This is how we ensure that management systems and quality standards stay uniform.

Each division's production capacities are generally planned centrally based on the order situation, delivery deadlines and regulatory issues, and distributed among the plants in each division at a regional or global level in line with the orders on hand. Efficiency and optimum capacity utilization are instrumental here. Notably in the Primary Packaging Glass Division, high capacity utilization in molded glass plants is crucial to profitability because these production processes involve melting various raw materials into glass in energy-intensive furnaces. Another key profitability factor is minimizing idle time. Set-up times indicate how long it takes to retool for the next product to be manufactured. Notably in our Primary Packaging Glass Division, we have continuously improved over the last few years in terms of optimizing furnace capacity utilization and reducing set-up times. This represents a key competitive factor considering the large number of different products made in this division.

Security of supply and delivery reliability are critical factors for the pharma industry. Accordingly, we use standardized – or at least comparable – technologies at all plants worldwide and consistently apply our GMS. This has the advantage that many of our products can be produced at another site if local production bottlenecks arise. As a result, our customers enjoy significantly enhanced security of supply – and we enjoy a critical competitive edge.

QUALITY MANAGEMENT

High standards of quality across all products and processes are maintained as a matter of course at all our production locations. In attaining our self-imposed quality requirements and targets, an important part is played by our Gerresheimer Management System (GMS), which is mandatory for all of our plants worldwide. In a Group-wide quality initiative launched in 2011, we have developed binding quality requirements and key performance indicators (KPIs), and implemented them at all divisions and plants the world over. Using these indicators, we continuously monitor processes to secure production, process and customer service quality levels. This considerably shortens our reaction time to any variance from self-imposed targets. Monitoring and measurement of internal metrics is supplemented with direct feedback from customers and regular global customer satisfaction surveys (see under "Customer Satisfaction"). In addition to our own quality targets, we also develop other, customer-specific quality agreements.

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Alongside this, we support our customers in regulatory processes such as compliance with GMP and FDA guidelines as well as preparing and submitting documentation for medical products and pharmaceutical primary packaging (including Type III Drug Master Files (DMFs) and EU files). Most of our primary packaging products meet the requirements of the European Pharmacopeia (Ph. Eur.), the US Pharmacopeia (USP) and in parts the Japanese Pharmacopeia (JP). For this purpose, we provide a high level of documentation for our products. As a result, we have FDA registrations, Drug Master Files, product registrations and product approvals in numerous countries to provide our customers with full information about our products.

A key element of our continuous quality improvement is the increased use of clean-room technology, which we are constantly extending and enhancing. In many of our plants, products are made, processed and wrapped in clean rooms. Automated product inspection is also crucial. Most plants make widespread use of automated inspection systems to measure and control each and every product. Advanced, fully automated high-resolution camera and sorting systems play an important part. These include our proprietary quality systems, such as Gx® G3, Gx® FLASH, Gx® RHOC, Gx® THOR and Gx® Tekion™. Further information on innovation and quality improvements in products and processes is provided under "Innovation, Research and Development".

Initial and regularly renewed certification serves as objective proof that our production operations and processes conform to specific criteria and standards. All of our production facilities have ISO 9001 quality management systems certification. 15 plants are certified to ISO 15378 as meeting the special requirements for the manufacture of pharmaceutical primary packaging materials. Eleven plants possess ISO 13485 certification, which stipulates the requirements for a comprehensive management system for the design and manufacture of medicinal products. In addition, 13 locations have ISO 14001 certification for environmental management and eleven have ISO 50001 certification for state-of-the-art energy management systems. The plant in Wertheim (Germany), the plant in Horsovsky Tyn (Czech Republic) and the headquarters in Duesseldorf (Germany) obtained ISO 50001 certification in 2016 for the first time. Our plant in Pfreimd (Germany) additionally has a manufacturing license in accordance with the German Medicines Act for pharmaceutical secondary packaging in large-scale production and for the production of clinical samples. With regard to the transfer of the demanding GMP rules from the pharmaceutical sector to cosmetics packaging, we meet ISO 22716 at our cosmetic glass plant in Tettau (Germany).

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Corporate responsibility is firmly rooted in our corporate philosophy. The principles of sustainability and corporate responsibility are integral to our vision, our mission statement and our five values of integrity, responsibility, excellence, teamwork and innovation. At all our sites around the world, we work and act in accordance with those principles. Further information about our vision, mission and values is provided on our website at www.gerresheimer.com/en/company/vision-mission-values.

Sustainability is important to us, in every sense of the word. Our main focus is on our products and the benefits they provide. By developing and manufacturing products for the sustainable packaging of drugs as well as their simple and safe dosage and administration, we make a valuable contribution to the health and well-being of society. Responsible development and production processes are therefore a high priority. Continuous improvement of our quality standards, conservation of natural resources, avoidance of waste and the manufacture of products that are easy to use and deliver maximum safety define our way forward.

However, we have a far broader understanding of corporate responsibility and sustainable business that has led us to adopt our own Corporate Social Responsibility (CSR) principles. These describe our corporate responsibility toward society, our workforce, investors, customers and suppliers, and the environment. We are happy to be publicly measured against these principles.

Our approach to corporate responsibility and sustainability takes in environmental, social and economic aspects. As well as complying with statutory requirements as a matter of course, we also set and continuously refine our own standards. Our sustainability principles are enshrined in the Gerresheimer Management System (GMS) and provide guidance for production, purchasing and improvement processes at all locations worldwide. For additional information, see under "Business Excellence". Employees at our production facilities also embrace responsibility at regional level by regularly taking part in local projects – notably to promote education and training as well as a wide variety of social projects at local level. A case in point is the creation of co-op education programs at our Czech plant in Horsovsky Tyn. These have earned multiple awards.

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Our Medical Systems Business Unit supports the University of Applied Sciences Amberg-Weiden in many ways – among other things, with an endowed chair – and collaborates with the university on a co-op education program in medical engineering. In Tettau (Germany) we are a founder member of a regional intergenerational project to which we have contributed since 2012, as well as a regional innovation network in collaboration with Coburg University of Applied Sciences, among others. Our plant in Kundli (India) supports schools for better education and training opportunities. The plant is patron to numerous schools in the region, investing in new classrooms, dining halls, bathrooms and the like. Notably, the schools have clean drinking water for students and teachers. Many of our plants once again engaged in a wide range of charitable activities in 2016, including in Sao Paulo (Brazil), Vaerloese (Denmark) and Berlin, (Ohio/USA). A One Gerresheimer Week took place at all plants in summer 2016. Staff organized a diverse range of activities that included collecting for and supporting local charities. Further information is provided under "Joint Global Activities".

In addition, we measure and monitor emissions at all plants across the globe as part of the Carbon Disclosure Project. We implement numerous projects at our plants targeting environment-friendly production and responsible resource use. Further information is provided under "Environment". We involve our suppliers and partners in these projects and initiatives and obtain undertakings from them to comply with our responsible purchasing management policy. Moreover, we foster a culture of continuous improvement in sustainability and corporate social responsibility. This is also something that is expected by our customers and the capital markets. In this regard, our individual plants and the Gerresheimer Group as a whole are successfully audited on a regular basis.

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Further information about corporate responsibility and sustainability at Gerresheimer, as well as about our principles of responsible supply chain management, is provided on our website at www.gerresheimer.com/en/company/corporate-social-responsibility.

COMPLIANCE

It is vital to the success of the Gerresheimer Group that all of the Group's companies are managed in accordance with ethical business principles, responsibly and in compliance with the law and the rules of fair competition. Gerresheimer's Compliance Program is intended to support our employees in correctly applying laws and company guidelines and to protect them against infringements. An important instrument in this connection comprises the Group guidelines and instructions, which specify minimum standards of conduct for all Group employees. The Gerresheimer Compliance Program focuses on anti-corruption prevention, cartel law and capital market law. Further information is provided on our website at www.gerresheimer.com/en/company/compliance.

Training is an integral part of our compliance system, in order to improve general awareness of compliance and encourage employees to put compliance rules into practice. We offer regular classroom-based introductory training worldwide. In addition, we provide web-based e-learning modules on key compliance topics for selected employees who are required to complete the modules – if they wish, in the workplace as an integral part of their working routine.

While implementing compliance guidelines and organizing preventive training courses are important, what ultimately matters is whether employees are following regulatory rules and reporting violations, and whether the Company is imposing consequences. This is why we offer a web-based whistleblower system as an aid to investigating violations of compliance requirements. The system ensures anonymity for whistleblowers, regardless of whether they are employees, customers, suppliers or third parties. To make it as easy as possible to use, the whistleblower system is available on the Internet in all languages relevant to us.

ENVIRONMENT

Responsible use of natural resources, protecting the environment as well as avoiding emissions and waste are core elements of our corporate responsibility. Our approach to sustainability takes in economic, social and above all environmental aspects. As a manufacturing enterprise, we have a special responsibility toward the environment. Our environmental initiatives often clearly surpass the statutory requirements in the countries in which we operate. Green production, waste and emissions reduction and the sustainable use of resources are implemented in our global Gerresheimer Management System (GMS) as well as being reflected in our corporate responsibility principles and our principles for responsible purchasing management.

Due to the substantial variation in production processes in our different business units, local managers are responsible for ensuring the sustainable use of resources at their own locations. The production plants regularly exchange information so that they can learn from each other and have the opportunity to adopt and adapt effective measures. We introduce new initiatives on an ongoing basis. This enables us to go on improving in the areas of environmental protection and resource conservation. The majority of environmental improvements also bring long-term economic benefits.

Certification of our production plants is hugely important to us as a means of documenting and verifying our environmental progress to customers and the general public. So far, 13 of our major production locations have been certified for state-of-the-art environmental management in accordance with ISO 14001. We also attach great importance to implementing advanced energy management systems, especially in our energy-intensive molded glass plants. Eleven locations have ISO 50001 (energy management system) certification, including our German plants in Lohr, Tettau, Essen, Buende and Pfreimd. Our plants in Wertheim (Germany) and Horsovsky Tyn (Czech Republic) and our headquarters in Duesseldorf (Germany) obtained ISO 50001 certification for the first time in 2016. All certification is subject to regular review and renewal at fixed intervals. Training on energy efficiency and environmental protection is provided at all plants as a matter of course.

ENVIRONMENTAL PROTECTION IN PRODUCTS

Under the BioPack name, we have launched a wide portfolio of plastic packaging products for drugs and cosmetics made from biomaterial in place of conventional polyethylene (PET). Instead of crude oil, biomaterials are made from renewable raw materials such as sugar cane. Packaging made from biomaterials is fully recyclable, has the same properties as conventional packaging and can be used on existing filling and packaging lines.

Centor supplies US pharmacies with plastic containers for packaging drugs and, alongside its other products, also makes bottles and vials out of 100% recycled PET. Available in various sizes, these containers are used by pharmacies to fill and package liquid medicines. When shipping closures for tablet containers, Centor does without additional outer packaging such as plastic bags. This saves material and reduces the impact on the environment.

In the production of pharma jars and glass cosmetics packaging, large quantities of recycled glass (cullet) are used as a substitute for raw materials. This is sourced out of the Group's own internal material cycle and, subject to controls, from household recycling. Cullet is deployed where it is available in suitable quantities, there is no compromise to the quality of the end product and there are no pharmaceutical or cosmetic regulatory requirements to restrict its use.

ENVIRONMENTAL PROTECTION IN PRODUCTION

For us at Gerresheimer, environmental protection goes hand in hand with energy efficiency. Glass-melting operations in particular use a lot of energy. This is why we regularly overhaul and repair the Group's energy-intensive equipment, such as the furnaces in our molded glass plants. This enables us to install cutting-edge glass-melting technology and modernize production systems as a whole. As a result, we consistently achieve improvements in energy efficiency through major or minor furnace repairs. A comprehensive overhaul in late summer 2015 using the latest furnace technology substantially reduced energy consumption and CO_2 emissions per ton of glass melted at our plant in Chicago Heights, (Illinois/USA). At our cosmetic glass plant in Tettau (Germany), we fully reconditioned a large furnace and invested in new machinery and technology in 2016. This, too, produced significant energy savings.

In addition to knowledge transfer within the Gerresheimer Group, regional and industry organizations play an ever more important part in matters of energy efficiency and environmental protection. The molded glass plant in Essen, for example, is a member of the ECOPROFIT platform. This is a collaborative project between local authorities and local business aimed at reducing operating costs while conserving natural resources – notably energy and water. The Federal Association of the German Glass Industry (BV Glas), of which we are a member, has joined a German government initiative to create energy efficiency networks. Our cosmetic glass plant in Tettau, for instance, is in the Frankenwald regional network.

We also use renewable energy to meet our plants' energy requirements. One example is our plant in Kundli (India), where some of the energy used in making plastic pharma packaging is provided by solar power. The plant's solar generating capacity is gradually being expanded.

In the Medical Systems Business Unit, ISO 14001 and ISO 50001 certification has been supplemented by introducing a global operational safety management system. This covers occupational safety and health, fire prevention, environmental management and energy management. All plants in the business unit will be brought under the new management system, with requirements and targets for saving energy and cutting carbon dioxide emissions. A major first step was taken at Buende and Pfreimd (Germany) with investment in energy metering technology including digital online energy meters.

Operating clean rooms consumes a lot of energy. Energy-saving measures, such as installing the latest-generation, energy-efficient clean-room technology, are therefore important in clean-room construction and operation. When expanding the clean room at our Buende plant, we made such successful use of new technology that part of the existing ducting was no longer needed and could be removed. Likewise in Buende, a combined heat and power (CHP) plant that has been in operation for two years helps reduce primary energy consumption and CO_2 emissions. The CHP plant is a cogeneration system producing electricity and heat on a decentralized basis.

Further scope for improvement can be identified at many plants by reviewing the specifications for production sections and clean rooms. In many cases, we were able to fine-tune the required temperature, moisture and air pressure to meet customer and regulatory requirements while cutting energy consumption spikes from peak loads. At big plants like Pfreimd and Buende, we have laid plant-wide grids that extend supply lines and connections between units such as cooling systems and air compressors to make surplus capacity at any one unit available across the entire site. The same applies when replacing capital expenditure items such as cooling towers, where it is more efficient to replace several smaller units with one large one. At Pfreimd, in turn, our employees have developed a novel material drying control system and process approach that delivers substantial energy savings. In the future, it is to be deployed at several other locations.

Energy use for lighting is a key factor at many sites. We are thus replacing old bulbs and tubes with energy-saving LEDs in many plants and exploring the use of LED lighting in all building conversions and extensions. In many plants, areas that are not in use all the time, such as store rooms, have been fitted with presence sensors that turn off the lights when there is nobody around.

ENVIRONMENTAL REGULATIONS AND VEHICLE FLEET

Unconditional compliance with all statutory and regulatory requirements, also with regard to conserving resources and the environment, is a matter of course at Gerresheimer. There were two violations of environmental regulations at our plants worldwide in the year under review, at Boleslawiec (Poland) and Kosamba (India). Our global vehicle fleet consists of 237 vehicles. Environmental aspects are also a factor for us when stipulating requirements for company cars. To date, most of our vehicles have been diesel-powered. These are currently under review with regard to energy efficiency and environmental impact. In the procurement and operation of our vehicle fleet, we aim to adopt the best available technology and reduce pollution. We revised the applicable guidelines in 2016 so that hybrid or electrically powered vehicles can also be purchased in the future.

CARBON DISCLOSURE PROJECT

We regularly publish the goals, strategies and outcomes of environmental protection initiatives and activities in connection with our participation in the Carbon Disclosure Project (CDP). This is the world's biggest initiative to reduce carbon emissions. For eight years now, we have been actively involved in the CDP. We measure, analyze and manage our CO_2 emissions at all production locations, and report annually on their composition and any changes that have occurred as well as various measures adopted to reduce CO_2 emissions. The data for the financial year 2015 was collected internationally using standardized methods in spring 2016 and published by the CDP in fall 2016.

Our environment strategy target is to reduce the ratio of emissions to revenues. This means that our revenues are to grow faster in the future than the unavoidable carbon emissions produced in revenue generation. We met our target once again in the financial year 2015: The ratio of CO_2 emissions to revenues fell by 15.2% between 2014 and 2015. We thus achieved a substantial further percentage improvement. This positive trend is also plain to see from the multi-year analysis.

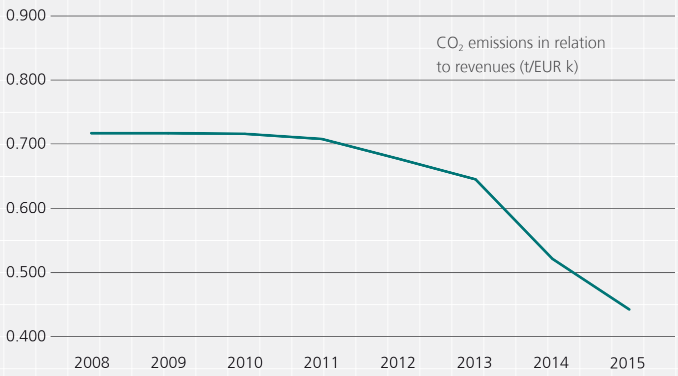
Our results at a glance:

Carbon Disclosure Project 2008 to 2015

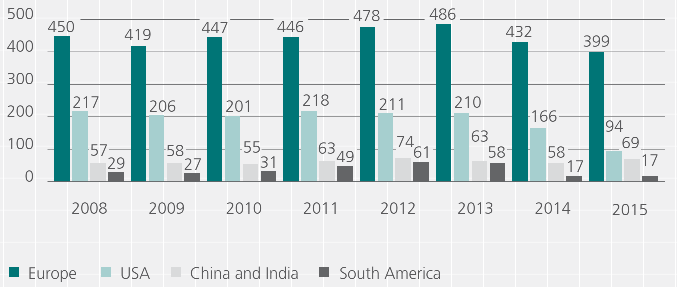
	2008	2009	2010	2011	2012	2013	2014	**2015[2]**
Total CO_2 emissions[1] in tons (t)	760,076	716,702	733,576	775,372	825,235	817,097	672,624	**567,451**
Revenues in EUR m	1,060.1	1,000.2	1,024.8	1,094.7	1,219.1	1,265.9	1,290.0	**1,282.9**
CO_2 emissions in relation to revenues	0.717	0.717	0.716	0.708	0.677	0.645	0.521	**0.442**

[1] Excluding Scope 3 emissions
[2] Excluding the Life Science Research Division

Improved ratio of emissions to revenues



CO_2 emissions by region



Alongside our own target, we have launched further improvements within the context of CDP. For instance, we have improved the CDP verification criterion. Our activities and data were checked by the TÜV inspectorate and certified to ISO 14064-3. A key indicator up to 2014 was the disclosure score. The scoring has since been extended and in addition to disclosure now includes awareness, management and leadership. Instead of a 100 point maximum, the highest achievable score is now an 'A'. Under today's scoring system, we would have attained a B/A– grade in 2014 and we moved up to an A– in 2015. Compared with other MDAX-listed companies that publish the CDP, we moved up into eighth place. In the healthcare sector analysis, we improved to third place.

The overall aim is for investors and customers to be able to assess, based on wide-ranging data and indices, whether a company gives sufficient consideration to climate change issues in its decisions and structures.

Further information and definitions are available at www.gerresheimer.com/en/company/corporate-social-responsibility/carbon-disclosure-project and www.cdp.net.

Our corporate responsibility principles and principles for responsible supply chain management are published on the Internet at www.gerresheimer.com/en/company/corporate-social-responsibility.

BUSINESS EXCELLENCE

In our vision, we have set our sights on becoming the leading global partner to our customers: "Our success is driven by the passion of our people." One of the paths to attaining that vision is the Gerresheimer Management System (GMS). GMS has been used to set Group-wide standards as well as to define methods and tools for continuous process improvement at every link in the value chain, while establishing lean production as well as rigorous quality and customer focus. The system breaks down strategic corporate targets into quantifiable location and department targets. These are then linked via performance indicators to process parameters and variables. In this way, the methods and tools available in GMS can be mixed and matched in accordance with local needs and implemented accordingly.

The success of GMS is based on its acceptance, universal adoption and implementation at all organizational levels throughout the Group. We develop and define plant-specific plans for improvement as part of the operational and strategic planning process. Drawing on operational excellence indicators and a standardized evaluation system, we regularly measure and verify whether we have met our goals and complied with the GMS-defined standards. To this end, over 200 employees have been trained as GMS auditors to ensure that the system is implemented long-term. These Company-trained auditors are linked up in a network and provide an outstanding basis for sharing solutions between plants and divisions as well as for intra-Group expert consultation. Based on their evaluations, recommendations are drawn up and action plans devised for each location to ensure selective, ongoing improvement. As employees play a key role in implementation, the GMS training is subject to ongoing development.

More than 70 participants from 13 countries came to the 2016 annual GMS conference to discuss recent developments in GMS in presentations, workshops and plant visits, set up and expand networks as well as exchange implementation experience and success stories. Under the banner of "Team-Up for Excellence", a series of workshops were held on problems that arise in production. Attendees were able to devise joint solutions for problems presented out of the production setting. The resulting teams continued to work together after the conference to refine and implement the solutions they had developed. To mark the sixth staging of the GMS Awards, the Management Board singled out four project teams and one plant for recognition of their excellent implementation projects.

A comprehensive revision of the GMS manual setting out standards and methods was also begun in 2016. Global, cross-functional expert teams are additionally looking at the evaluation system, which is likewise under revision. The results are expected to be published in mid-2017.

CUSTOMER SATISFACTION

Continuous improvement of products and services for our customers is the focus of our global customer satisfaction surveys, which we conduct on a regular basis with the aid of a renowned market research institute. Our aim in this is to gain a more in-depth understanding of customer needs, and thus to enhance customer satisfaction and customer loyalty. For this purpose, we carry out a standardized online survey, which is available in ten different languages. Insights gained are leveraged to improve customer service and derive specific recommendations for process optimization.

The survey is conducted Group-wide, covering our operating companies – together with their respective customers – in Argentina, Brazil, Mexico and the USA as well as our European plants and our locations in China and India. In particular, the survey focuses on our development work, the product portfolio, customer-specific system solutions, order processing and logistics, the expertise and dedication of our sales staff as well as our technical support and complaints handling. Our customers' responses highlight focal areas that are especially important to them – both where they are already happy with our performance and where we need to improve. To learn even more about our customers and the market in general, we have supplemented our survey to ask customers for their relative opinion of the competition.

After global surveys in 2011 and 2013, the third iteration of the Gerresheimer customer satisfaction survey was held in spring 2016. Gerresheimer has slightly improved overall compared with the findings of the previous survey. There continues to be room for improvement at detail level in all divisions and business units.

The findings of the customer satisfaction survey were presented to, and discussed by, the Management Board in June. In addition, the analyses were compiled for all divisions and business units as well as for all regions and plants. The results were communicated and subjected to expert analysis in a wide variety of different permutations. Based on the findings, expert teams in all divisions developed plant-level and higher-level action plans that are implemented step by step. Implementation is documented by the management team responsible.

Regularly conducting our Group-wide global customer satisfaction survey gives us an ongoing insight into customer wishes as well as an assessment of our products and services. In the process, we also comply with the requirements of the ISO audits and our own guidelines under GMS. This means the surveys additionally allow us to track over the years whether improvements made from one survey to the next were successful and whether they made a difference for customers.

Between iterations of the Group-wide customer satisfaction survey, we additionally conduct regional and project-based customer surveys. These enable us to respond rapidly to specific wishes and questions raised on an issue-driven basis.

REMUNERATION REPORT

The Remuneration Report complies with the requirements of the German Commercial Code (Handelsgesetzbuch/HGB), the recommendations of the German Corporate Governance Code (DCGK), German Accounting Standard 17 (GAS 17) and International Financial Reporting Standards (IFRS). A new Management Board remuneration system was approved at the Annual General Meeting on April 30, 2015. The changes were already effective for Mr. Röhrhoff from the financial year 2014 and for Mr. Beaujean from the financial year 2016. They will be effective for Mr. Schütte from the financial year 2017 and are to apply in the future when extending the contracts of existing Management Board members or appointing new members to the Management Board. The changes are explained below.

MANAGEMENT BOARD REMUNERATION

STRUCTURE OF REMUNERATION

The total remuneration of active members of the Management Board consists of several components. These are a fixed salary, a short-term performance-based bonus, a component with a long-term incentive effect, stock appreciation rights, customary fringe benefits and pension benefits.

NON-PERFORMANCE-BASED REMUNERATION

The non-performance-based components are a fixed salary and non-cash fringe benefits. The latter mainly consist of insurance premiums (including group accident insurance and invalidity insurance) as well as the use of a company car. There is also directors and officers liability (D&O) insurance for members of the Management Board; this provides for a deductible in accordance with section 93 (2) sentence 3 of the German Stock Corporation Act (Aktiengesetz/AktG).

PERFORMANCE-BASED REMUNERATION

Short-term variable cash remuneration

The short-term variable remuneration is tied to attainment of annual targets agreed in each member's contract of employment; the target figures are derived from a budget approved by the Supervisory Board.

Until now, these targets have related to four key performance indicators: Adjusted EBITDA, revenues, net working capital and total capital expenditure. If all targets are met, the short-term variable cash remuneration is 50% of the individual fixed salary. Limited to a maximum of 60% of the individual fixed salary, the short-term variable cash remuneration is paid out in the subsequent year following approval of the consolidated financial statements by the Supervisory Board.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members and appointing new Management Board members, the annual bonus, as short-term variable cash remuneration, is tied to attainment of the three variously weighted financial KPIs adjusted EBITDA, revenues and net working capital. The total capital expenditure target component is no longer applicable. The net working capital target component has been switched from binary target attainment/non-attainment to average target attainment with a 95% to 105% target corridor. If all target values are achieved, the annual bonus amounts to 50% of the individual fixed salary. The annual bonus is capped at 70% of the individual fixed salary.

Long-term variable cash remuneration

The component with a long-term incentive effect consists of a rolling bonus system tied to attainment of specific targets over a three-year period. The key performance indicators relevant to target attainment are organic revenue growth and return on capital employed (ROCE).

Until now, target attainment has been measured against the arithmetic mean of the annual figures in the three-year period. The bonus payable on target attainment is 30% of the individual fixed salary. It is capped (on 133% target attainment) at just under 40% of the individual fixed salary. Bonuses are paid out three years after the base year.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members and appointing new Management Board members, instead of being defined with fixed values as before, the ROCE target corridor is set each year for the next three years based on the business plan. Bonuses are paid out three years after the base year. The bonus payable on target attainment due to the sustainability component is 40% of the individual fixed salary. The sustainability component is capped at 55% of the individual fixed salary.

Long-term, share-price-based variable cash remuneration (phantom stocks)

The Company has additionally agreed long-term share-price-based variable remuneration with all members of the Management Board. Under the agreements, members are granted a specific number of stock appreciation rights (phantom stocks), according to the share price, for each year of service on the Management Board. Each stock appreciation right entitles the holder to a payment based on the change in the share price, subject to a performance threshold: At the exercise date, the Company's share price must exceed the initial price for the relevant tranche by at least 12% or have increased by a larger percentage than the MDAX. For stock appreciation rights relating to 2016, the initial price is the EUR 68.87 issue price. The performance threshold is relevant to vesting but not to determination of the payment amount. Stock appreciation rights can be exercised during a 16-month exercise period following a four-year waiting period. The payment amount is equal to the absolute increase in the share price between the issue date of the stock appreciation rights and the exercise date. However, the payment amount is capped at 25% of the initial price of all stock appreciation rights in the same tranche. All unexercised stock appreciation rights expire on departure of the holder, except in the event of death or permanent incapacity, or if the holder has not been a member of the Management Board for at least one year of the term of each tranche. All entitlements to future stock appreciation rights likewise expire on departure. The Company reserves the right to settle stock appreciation rights with shares; however, cash settlement is planned.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members or appointing new Management Board members, a new agreement applies under which each Management Board member receives a value-based allocation. Members of the Management Board are thus no longer allocated a specific number of stock appreciation rights but are awarded an entitlement (in a specific amount) to a payment in the event that the exercise and payment conditions are met. After a vesting period of five years, a Management Board member is entitled, within an ensuing period of 24 months, to demand payment in the amount of the appreciation in the stock market price of Gerresheimer stock between the issue date and the exercise (maturity) date. Payment is conditional on the percentage appreciation being at least 20% or being greater than the percentage increase in the MDAX over the maturity period and on at least one full year's membership of the Management Board within the maturity period. The target-based remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary.

Pension benefits

Pensions vested up to May 1, 2007 for the current members of the Management Board are administered through a pension fund. These pensions are funded out of a once-only payment made in the financial year 2007. They therefore incur no further ongoing payments. Pensions vesting since May 1, 2007 are generally administered through a provident fund.

After leaving the Gerresheimer Group, the current members of the Management Board are normally eligible to receive pension benefits from age 65. The annual pension is between 1.5% and 2.2% of the final fixed salary, depending on age on joining the pension plan. This percentage increases with years of service as a member of the Management Board to a maximum of 40%. Surviving dependants' pensions are provided for at 60% of the deceased's pension for the spouse and 20% per child for any surviving children. Surviving dependants' pensions are limited in total to 100% of the deceased's pension.

On February 10, 2015, the Supervisory Board of Gerresheimer AG also modified the pension system as an integral part of the new remuneration system for newly appointed Management Board members. The company pension arrangement for current Management Board members, comprising 1.5% to 2.2% per year of service up to a maximum of 40% of the final fixed salary at age 65, is to be replaced for new Management Board members with a defined contribution scheme.

In the future, the amount to be furnished by the Company for new Management Board members' pensions is to be determined as 20% of the fixed salary plus 20% of the annual bonus attained. New Management Board members may choose from three options as to how this amount is used: (1) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid into an investment; (2) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid out for personal pension provision; (3) 20% of the fixed salary and 20% of the bonus paid out for personal pension provision.

Under the insurance option, a Management Board member earns entitlement on retirement to payment of an annuity-based old-age, invalidity and surviving dependants' pension. Alternatively, a Management Board member can elect to have the accumulated capital paid out on retirement. The pension entitlement then lapses.

In the capital-based option, the Company has a top-up obligation up to the amount paid in on retirement (claim event) if the value of the investment falls, as the Company must guarantee capital maintenance to ensure qualification as a company pension arrangement. Any notional underfunding prior to the claim event must therefore be accounted for – if only temporarily, as appropriate.

If a Management Board member has the scheduled annual contribution amount paid out while still in service, as an additional salary component for personal pension provision, the Company has no further obligation once payment has been made.

Termination benefits

Termination benefits in the event of premature termination of a Management Board member's contract, other than for cause and premature termination as a result of a change of control, are capped as recommended in the German Corporate Governance Code. Severance payments, including fringe benefits, in the event of termination of a Management Board member's contract, other than for cause, are therefore capped to a maximum of two years' remuneration and do not compensate more than the remaining term of the contract. The cap on termination benefits is determined with reference to total remuneration for the past financial year. The Supervisory Board has agreed with Mr. Röhrhoff a two-year post-employment non-compete clause, which normally provides for compensation relative to Mr. Röhrhoff's fixed salary in the year preceding termination of his contract.

In the event of a change of control, Management Board members have a once-only special right to terminate their contracts at six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of a Management Board member gaining knowledge of the change of control and only if, at the date notice is given, the contract has been in effect for at least one year and has a remaining term of nine months or more. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefit equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined as the remuneration of the full financial year prior to the notice of termination including variable remuneration components and entitlements from the stock appreciation rights program.

The termination benefit arrangement that applies when extending the contracts of existing Management Board members and appointing new Management Board members has been modified so that any entitlements from the stock appreciation rights program no longer increase the size of the termination benefit entitlement.

Mr. Schütte has a special right of termination in the event that a person other than him becomes new Chief Executive Officer by or before April 30, 2022. This special right of termination cannot be exercised until twelve months after the date of the new Chief Executive Officer's commencement of service and can then solely be exercised within a period of two weeks. The period of notice after notification of exercise of the special right of termination is nine months. In the event that he exercises this special right of termination, Mr. Schütte does not receive any settlement of residual compensation or any termination benefit. Short and long-term variable cash remuneration is settled pro rata temporis. Should he make use of the aforementioned special right of termination, Mr. Schütte is subject to a non-compete covenant for the duration of two years after termination of his contract of employment (post-contractual non-compete covenant). This stipulates that he may not act either directly or indirectly on behalf of any other domestic or international company and/or for any person which/who is or may potentially be in competition with Gerresheimer AG or with any affiliated company thereof. The Company cannot waive compliance with (any) such post-contractual non-compete covenant until one year before expiration of the post-contractual non-compete covenant at the earliest. For the duration of (any) such post-contractual non-compete covenant, to wit for two years except in the event of a waiver of the post-contractual non-compete covenant, Mr. Schütte will receive annual compensation in the amount of 100% of the fixed basic salary prevailing at the time of termination of the contract of employment. This annual ex gratia compensation is payable in twelve monthly installments at the end of each month. Any pension paid by the Company is taken into account against the ex gratia compensation payable in the event of (any) such post-contractual non-compete covenant. The same applies to any pension payments from affiliated companies. In like manner, any other such income is taken into account against the ex gratia compensation as Mr. Schütte may earn by employment elsewhere during the second year of the post-contractual non-compete covenant to the extent that the sum total of the ex-gratia compensation and the income earned elsewhere exceeds 110% of the applicable fixed basic salary, with settlement being made on a monthly basis.

MANAGEMENT BOARD REMUNERATION IN THE FINANCIAL YEAR

The recommendations of the German Corporate Governance Code on determining Management Board remuneration have been implemented.

Total remuneration of active Management Board members came to EUR 8,492k in the financial year 2016 (2015: EUR 8,278k). This comprised EUR 2,050k in non-performance-based remuneration (2015: EUR 1,975k) and EUR 2,885k in performance-based remuneration (2015: EUR 2,428k). The current service cost for pensions in the financial year 2016 was EUR 974k (2015: EUR 614k) and the past service cost was EUR 1,019k (2015: EUR 0k). Vested stock appreciation rights in the financial year under review came to EUR 1,564k (2015: EUR 3,261k).

Remuneration of individual Management Board members in the financial year 2016 is presented in the tables below:

	Uwe Röhrhoff CEO Primary Packaging Glass				Rainer Beaujean CFO				Andreas Schütte Plastics & Devices			
Benefits granted in EUR k	**2016**	2016 min.	2016 max.	2015	**2016**	2016 min.	2016 max.	2015	**2016**	2016 min.	2016 max.	2015
Fixed remuneration	770	770	770	770	610	610	610	570	605	605	605	570
Non-cash remuneration	24	24	24	26	20	20	20	20	21	21	21	19
Total	**794**	**794**	**794**	**796**	**630**	**630**	**630**	**590**	**626**	**626**	**626**	**589**
Short-term variable remuneration	385	–	539	385	305	–	408	285	303	–	363	285
Long-term variable remuneration	**308**	**–**	**424**	**308**	**225**	**–**	**307**	**171**	**182**	**–**	**2,762**	**171**
Plan 2015 – 2018	–	–	–	308	–	–	–	171	–	–	–	171
Plan 2016 – 2019	308	–	424	–	225	–	307	–	182	–	242	–
Phantom stocks	–	–	–	–	–	–	–	–	–	–	2,520	–
Total	**1,487**	**794**	**1,757**	**1,489**	**1,160**	**630**	**1,345**	**1,046**	**1,110**	**626**	**3,751**	**1,045**
Service cost (IAS 19)	326	326	326	316	340	340	340	–	308	308	308	298
Past service cost (IAS 19)	–	–	–	–	1,019	1,019	1,019	–	–	–	–	–
Total remuneration	**1,813**	**1,120**	**2,083**	**1,805**	**2,519**	**1,989**	**2,704**	**1,046**	**1,418**	**934**	**4,059**	**1,343**

In the financial year 2016, Mr. Schütte received new stock appreciation rights (tranches 11 to 15) in connection with the extension of his employment contract. The tranches are described in detail in the section "Long-term, share-price-based variable cash remuneration (phantom stocks)". Given that it is essentially a value-based commitment, there is no fair value at the grant date.

	Uwe Röhrhoff CEO Primary Packaging Glass		Rainer Beaujean CFO		Andreas Schütte Plastics & Devices	
Allocation in EUR k	**2016**	2015	**2016**	2015	**2016**	2015
Fixed remuneration	770	770	610	570	605	570
Non-cash remuneration	24	26	20	20	21	19
Total	**794**	**796**	**630**	**590**	**626**	**589**
Short-term variable remuneration	391	315	287	247	290	235
Long-term variable remuneration	**1,028**	**994**	**200**	**–**	**689**	**637**
Plan 2012 – 2015	–	259	–	–	–	188
Plan 2013 – 2016	252	–	200	–	171	–
Phantom stocks	776	735	–	–	518	449
Total	**2,213**	**2,105**	**1,117**	**837**	**1,605**	**1,461**
Service Cost (IAS 19)	326	316	340	–	308	298
Past service cost (IAS 19)	–	–	1,019	–	–	–
Total remuneration	**2,539**	**2,421**	**2,476**	**837**	**1,913**	**1,759**

Long-term, share-price-based variable cash remuneration

The table on Management Board remuneration includes share-based payment at fair value at the grant date.

In accordance with IFRS, total remuneration includes the fair value of the benefit vested in the financial year. With a four-year vesting period, this means that the fair value is recognized as expense over four years from the grant date.

Details of outstanding phantom stocks are provided below in accordance with IFRS 2:

Phantom stocks share-based IFRS:

		Uwe Röhrhoff (CEO)	Rainer Beaujean	Andreas Schütte
Portion of total expenses in EUR k	2016	373	151	492
	2015	1,221	736	879
Fair value in EUR k	2016	1,504	1,442	1,593
	2015	2,134	1,343	1,729
Number of phantom stocks	2016	160,000	165,000	200,000
	2015	250,000	165,000	210,000

Phantom stocks value-based IFRS:

		Uwe Röhrhoff (CEO)	Rainer Beaujean	Andreas Schütte
Portion of total expenses in EUR k	2016	225	185	138
	2015	335	90	–
Fair value in EUR k	2016	1,518	1,102	1,810
	2015	1,505	1,085	–

Pension benefits

The past and current service cost for each member of the Management Board is given in the Management Board remuneration table. The present value of the defined benefit obligation must additionally be stated in accordance with IFRS. This is shown in the table below:

in EUR k		Uwe Röhrhoff (CEO)	Rainer Beaujean	Andreas Schütte
Present value	2016	6,012	1,817	3,163
	2015	4,571	–	2,013

Total compensation in accordance with IFRS is presented in the following table:

in EUR k	2016	2015
Fixed remuneration	1,985	1,910
Non-cash remuneration	65	65
Total short-term non-performance-based remuneration	**2,050**	**1,975**
Short-term variable remuneration	968	797
Total short-term variable remuneration	**3,018**	**2,772**
Long-term variable remuneration	1,917	1,631
Phantom stocks vested in the financial year	1,564	3,261
Service cost of pension vested in the financial year	974	614
Past service lost	1,019	–
Total long-term remuneration	**5,474**	**5,506**
Total	**8,492**	**8,278**

REMUNERATION OF THE SUPERVISORY BOARD

Supervisory Board remuneration is governed by Gerresheimer AG's Articles of Association.

Supervisory Board members receive fixed annual remuneration of EUR 30,000.00. The Chairman of the Supervisory Board is granted two and a half times and the Deputy Chairman one and a half times this amount. The Chairman of the Audit Committee receives an additional fixed remuneration of EUR 20,000.00 and further members of the Audit Committee each receive an additional fixed remuneration of EUR 10,000.00. Chairmen of other committees receive an additional fixed remuneration of EUR 10,000.00 for each chairmanship and further members of other committees each receive an additional remuneration of EUR 5,000.00 for each committee membership. This provision does not apply to the committee in accordance with section 27 (3) MitbestG. Remuneration for the chairmanship and membership of the Nomination Committee is restricted to years in which the Committee meets. In addition to their annual remuneration, Supervisory Board members each receive a EUR 1,500.00 attendance fee for meetings of the Supervisory Board and of Supervisory Board committees to which they belong, capped at a maximum of EUR 1,500.00 per calendar day. Reasonable expenses are reimbursed against receipts.

Supervisory Board members additionally receive variable remuneration. This comprises EUR 100.00 for each EUR 0.01 of Gerresheimer AG's average adjusted consolidated earnings per share in the past financial year and the two preceding financial years, provided that this amount is at least EUR 0.50. If Gerresheimer AG's average adjusted consolidated earnings per share exceeds EUR 3.00, the excess is not taken into account in calculating the variable remuneration. Adjusted consolidated earnings per share is defined as net income in the consolidated financial statements before non-cash amortization of fair value adjustments, the non-recurring effect of restructuring expenses, impairments and the net sum of one-off income/expense (including significant non-cash expenses) inclusive of related tax effects, based on net income attributable to non-controlling interests, divided by shares issued at the balance sheet date. The Chairman of the Supervisory Board is granted two and a half times and the Deputy Chairman one and a half times the amount of this variable remuneration.

Total remuneration of Supervisory Board members for their activity on the Supervisory Board of Gerresheimer AG in the financial year 2016 came to EUR 1,076,376.72.

The remuneration of individual Supervisory Board members is made up as follows:

Name	Attendance fees	Fixed remuneration	Variable remuneration	**Total**
Andrea Abt	6,000.00	30,000.00	30,000.00	66,000.00
Sonja Apel (until December 31, 2015)	–	2,547.95	2,547.95	5,095.90
Lydia Armer	10,500.00	35,000.00	30,000.00	75,500.00
Dr. Karin Dorrepaal	6,000.00	35,000.00	30,000.00	71,000.00
Francesco Grioli	16,500.00	60,000.00	45,000.00	121,500.00
Eugen Heinz	6,000.00	30,000.00	30,000.00	66,000.00
Dr. Axel Herberg	16,500.00	105,000.00	75,000.00	196,500.00
Seppel Kraus	12,000.00	40,000.00	30,000.00	82,000.00
Katja Mögel (since January 20, 2016)	6,000.00	25,890.41	25,890.41	57,780.82
Dr. Peter Noé	12,000.00	40,000.00	30,000.00	82,000.00
Markus Rocholz	12,000.00	40,000.00	30,000.00	82,000.00
Theodor Stuth	12,000.00	50,000.00	30,000.00	92,000.00
Udo J. Vetter	9,000.00	40,000.00	30,000.00	79,000.00
	124,500.00	**533,438.36**	**418,438.36**	**1,076,376.72**

Supervisory Board member Lydia Armer receives appropriate remuneration for her membership of the Supervisory Board of Gerresheimer Regensburg GmbH after the end of each financial year. The remuneration amount is determined by resolution of the ordinary shareholders' meeting of Gerresheimer Regensburg GmbH. The shareholders' meeting set the amount of remuneration for the financial year 2015 at EUR 5,000.00, which was paid out in the financial year 2016.

Supervisory Board member Markus Rocholz receives remuneration of EUR 5,000.00 after the end of each financial year for his membership of the Supervisory Board of Gerresheimer Tettau GmbH. The remuneration for the financial year 2015 was paid out in the financial year 2016.

DISCLOSURES PURSUANT TO SECTION 315 (4) HGB AND EXPLANATORY REPORT

Gerresheimer AG is a German stock corporation (Aktiengesellschaft) and has issued voting stock that is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard), a regulated market within the meaning of section 2 (7) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz/WpÜG).

Structure of subscribed capital

The subscribed capital (capital stock) of Gerresheimer AG totaled EUR 31.4m as of November 30, 2016. It is divided into 31.4 million ordinary no-par-value bearer shares with a nominal share in capital stock of EUR 1.00 each. The Company's capital stock is fully paid in.

Restrictions on voting rights or on the transfer of securities

As of the balance sheet date, there are no restrictions on voting rights or on the transfer of Gerresheimer AG shares by law, under the Articles of Association or otherwise, known to the Management Board. All no-par-value shares in Gerresheimer AG, issued as of November 30, 2016, are fully transferable, carry full voting rights and grant the holder one vote in General Meetings.

Shareholdings exceeding 10% of voting rights

As of November 30, 2016, we are not aware of any direct or indirect shareholdings in the Company's capital stock exceeding 10% of voting rights.

Shares carrying special rights with regard to control

None of the shares issued by Gerresheimer AG have rights which confer special control to their bearer.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

We have no information with regard to the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

Legal provisions and provisions of the Articles of Association on the appointment and replacement of Management Board members and on amendments to the Articles of Association

The Management Board is the legal management and representative body of Gerresheimer AG. In accordance with the Company's Articles of Association, it comprises at least two members. In all other respects, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint deputy members of the Management Board. It appoints one member of the Management Board as CEO or chairperson.

In accordance with section 84 of the German Stock Corporation Act (Aktiengesetz/AktG), members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Repeat appointments or extensions of the term of office are permissible, in each case for a maximum of five years. The Supervisory Board may revoke the appointment of a Management Board member prior to the end of the term of office either for cause such as gross breach of duty or if the General Meeting withdraws its confidence in the member concerned.

The Company is represented either by two members of the Management Board or by one member of the Management Board and an authorized signatory (Prokurist).

In accordance with section 179 AktG, amendments to the Articles of Association normally require a resolution of the Annual General Meeting. Excepted from this rule are amendments to the Articles of Association that relate solely to their wording. The Supervisory Board is authorized to make such changes. Unless otherwise required by law, Annual General Meeting resolutions are adopted by simple majority of votes cast. If a majority of capital is additionally required by law, resolutions are adopted by simple majority of the capital stock represented upon adoption of the resolution.

Authority of the Management Board to issue or buy back shares

Under section 4 (4) of the Articles of Association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 15.7m by or before April 25, 2017. Shareholders must normally be granted a subscription right to the shares. The subscription right may also be granted in such a way that the shares are taken up by one or more banks or equivalent undertakings within the meaning of the first sentence of section 186 (5) of the AktG with an obligation to offer them to the Company's shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in the following instances:

- to exclude fractional amounts from the subscription right;
- to the extent necessary to grant holders of conversion rights or warrants or parties under obligation to exercise conversion rights or warrants attached to bonds issued or yet to be issued by the Company or a Group company a subscription right to new shares to the same extent as they would be entitled as shareholders after exercise of the warrant or conversion right or fulfillment of the obligation to exercise the warrant or conversion right;
- in the event of capital increases for non-cash consideration in connection with business combinations or acquisitions of companies in whole or in part or of shareholdings, including increases in existing shareholdings or other assets;
- in the event of capital increases for cash consideration if the issue price of the new shares is not substantially below that of the existing, listed shares at the time of final fixing of the issue price by the Management Board within the meaning of section 203 (1) and (2) and section 186 (3) sentence 4 AktG, and the percentage of capital stock attributable to the new shares for which the subscription right is excluded does not exceed 10% of the capital stock in existence at the time the authorization comes into effect or at the time the authorization is exercised, whichever amount is smaller. Shares issued or sold during the period of this authorization under exclusion of shareholders' subscription right in direct or analogous application of section 186 (3) sentence 4 AktG are to be set against the maximum limit of 10% of the capital stock. The same set-off rule applies to shares to be issued to service bonds with a conversion right or warrant or obligation to exercise a conversion right or warrant to the extent that the bonds are issued during the period of this authorization under exclusion of the subscription right by analogous application of section 186 (3) sentence 4 AktG.

The sum total of shares issued for cash or non-cash consideration subject to exclusion of subscription rights under this authorization may not exceed a EUR 6.28m share of capital stock (20% of the current capital stock).

The Management Board is authorized, subject to Supervisory Board approval, to stipulate other details of the share increase and its execution, including the substantive details of rights attached to shares and the conditions of issue.

We further refer in this connection to our disclosures under "Restrictions on Voting Rights or on the Transfer of Securities".

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The capital stock is conditionally increased by up to EUR 6,280,000 by the issue of up to 6,280,000 new no-par-value bearer shares. The conditional capital increase serves the purpose of granting no-par-value bearer shares to holders of convertible bonds or warrant bonds (or combinations of these instruments) (together "bonds") with conversion rights or warrants or obligations to exercise conversion rights or warrants, which on the basis of the authorization approved by resolution of the Annual General Meeting on April 26, 2012 are issued by or before April 25, 2017 by the Company or a Group company within the meaning of section 18 AktG. The new shares will be issued at a conversion or warrant price to be determined in each case in accordance with the authorization resolution described above. The conditional capital increase is to be carried out only to the extent that conversion rights or warrants are exercised or obligations to exercise conversion rights or warrants are fulfilled and no other form of fulfillment is employed. New shares issued because of the exercise of conversion rights or warrants or fulfillment of obligations to exercise conversion rights or warrants participate in earnings from the beginning of the financial year in which they are issued. The Management Board is entitled to stipulate further details with regard to execution of the conditional capital increase subject to Supervisory Board approval.

Material agreements conditional on a change of control following a takeover bid

The loans under the credit facilities with a total facility amount of EUR 450m, of which EUR 162.7m was drawn at the reporting date, may be terminated by the lenders, and would consequently be repayable early and in full by the borrowers, if a third party or several third parties acting in concert were to acquire 50.01% or more of voting rights in Gerresheimer AG.

Gerresheimer AG is obliged to notify holders of the EUR 300m bond in the event of a change of control. Holders then have the right to call due all or individual bonds at face value plus accrued interest. A change of control applies if one or more parties acquire or otherwise control at least 50.01% of shares or voting rights in Gerresheimer AG and 90 days thereafter the bond no longer has an investment grade rating.

Bond holders are each entitled to call due their bonds if any party, or any group of parties acting in concert, directly or indirectly acquires the right to appoint the majority of members of the Supervisory Board of Gerresheimer AG or directly or indirectly acquires more than 50% of the shares or voting rights in Gerresheimer AG.

A change of control following a takeover bid may impact a number of our operating contracts featuring change-of-control provisions. These are standard change-of-control clauses that give the other party to the contract a right to terminate the contract prematurely in the event of a change of control.

Compensation agreements for the event of a takeover bid

In the event of a change of control, Management Board members have a once-only special right to terminate their contracts at six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time when the Management Board member gained – or were it not for gross negligence would have gained – knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of at least nine months. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefit equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined for this purpose as remuneration for the full financial year prior to the notice of termination. In the financial year 2014, when extending Mr. Röhrhoff's employment contract, the provision concerning termination benefit on exercise of the special right of termination was modified, so that now any entitlements from the stock appreciation rights program do not increase the claim to termination benefit. For further details, please refer to the Remuneration Report.

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CORPORATE GOVERNANCE STATEMENT

The corporate governance statement is part of the Management Report. In accordance with section 317 (2) sentence 3 of the German Commercial Code (Handelsgesetzbuch/HGB) prior to its amendment by the Act of July 17, 2015 (Federal Law Gazette reference BGBl. I S. 1245), this information was not included in the audit of the consolidated financial statements.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of Gerresheimer AG most recently adopted the following declaration of compliance in accordance with section 161 AktG on September 8, 2016:

"Declaration of the Management Board and the Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to section 161 of the German Stock Corporation Act.

With the exception of the recommendation of number 5.4.1, paragraph 2 clause 1 Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 5, 2015 as stated in the last statement of compliance on September 9, 2015.

Gerresheimer AG will in the future comply with the recommendations of the Government Commission on the German Corporate Governance Code as amended on May 5, 2015, again with the following exception:

Number 5.4.1 paragraph 2 clause 1: The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board.

Justification: Suitability for performing the duties of the Supervisory Board depends in our opinion solely on respective requirements of the company and the individual competences of the Supervisory Board members. We do not consider it to be meaningful to set a regular limit for length of membership on the Supervisory Board as the expert knowledge of experienced Supervisory Board members should be available to the company."

INFORMATION ON CORPORATE GOVERNANCE PRACTICES

RISK MANAGEMENT SYSTEM

The Gerresheimer Group considers effective risk management a key factor in sustaining value for the long term. The management of opportunities and risks is therefore integral to our organizational structure and processes. The risk management system centers on identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and the holding company.

We have defined guidelines on risk reporting for subsidiaries and key head office functions. Furthermore, we continuously expand our early warning system and adapt it to the latest developments. Core elements of the risk management system are described in the "Opportunities and Risks" section of the Annual Report, which is available on our website at www.gerresheimer.com/en/investor-relations/reports.

CORPORATE RESPONSIBILITY

Gerresheimer is one of the leading partners to the pharma and healthcare industry worldwide. As manufacturers of products made from glass and plastic for drug packaging and delivery, we make a meaningful and significant contribution to health and well-being.

In this age of increasing globalization as well as growing social and environmental challenges, we are conscious of our corporate responsibility going far beyond the realm of our products. We meet this responsibility actively, comprehensively and sustainably, and are happy to be measured against our principles. In our business activities, we acknowledge our responsibility toward society, the workforce, investors, customers, suppliers and the environment.

Our principles are set out in the publication "Our Corporate Responsibility", which is available for viewing on our website at www.gerresheimer.com/en/company/corporate-social-responsibility.

DESCRIPTION OF MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES AND OF THE COMPOSITION AND PROCEDURES OF THEIR COMMITTEES

The composition of the Management Board and Supervisory Board can be found under "Supervisory Board and Management Board". The working practices of the Management Board and Supervisory Board as well as the composition and working practices of Supervisory Board committees are described in the Annual Report as part of the Corporate Governance Report. This Annual Report is likewise available on the Internet at www.gerresheimer.com/en/investor-relations/reports.

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STIPULATION OF TARGETS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH SECTIONS 76 (4) AND 111 (5) AKTG

Under the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector of April 24, 2015, certain companies in Germany are required to stipulate targets for the percentage of women on the Supervisory Board, Management Board and the two management levels under the Management Board, and also to stipulate by what point in time the quotas are to be attained. Such companies were required to adopt targets and implementation periods by September 30, 2015. The implementation period specified when first stipulating targets was not allowed to extend beyond June 30, 2017. A period of up to five years may be specified the next time targets are stipulated. The act stipulates an exception with regard to the percentage of women on the Supervisory Board for companies such as Gerresheimer AG that are both listed on the stock exchange and subject to codetermination: For such instances, a statutory minimum quota of 30% women and 30% men already applies from January 1, 2016 with regard to appointments of new members of the Supervisory Board for seats that have become vacant.

By resolution of September 9, 2015, the Supervisory Board of Gerresheimer AG stipulated a target of 0% for the percentage of women on the Management Board of Gerresheimer AG by April 30, 2017.

By resolution of August 24, 2015, the Management Board of Gerresheimer AG stipulated targets of 25% each by June 30, 2017 for the two management levels under the Management Board.

REPORT ON OPPORTUNITIES AND RISKS

UNIFORM GROUP-WIDE MANAGEMENT OF OPPORTUNITIES AND RISKS

As we operate worldwide, we are exposed to a wide range of risks. It is only our willingness to enter into entrepreneurial risks that enables us to seize opportunities. Up to a defined risk tolerance level, we therefore consciously enter into risks if they offer a balanced opportunity-risk profile.

We fundamentally address risk management and opportunity management separately. Our risk management system identifies, assesses and documents risks and supports their monitoring. Opportunities, on the other hand, are identified and communicated as an integral part of regular communications between the subsidiaries and the control function at Gerresheimer AG in its capacity as holding company.

The central element of the risk management system consists in identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and the management holding company. In our risk management strategy, we aim to identify risks as early as possible, to assess them, to prevent or mitigate potential impacts by taking suitable actions and, where applicable, to transfer identified risks to third parties. Not even a risk management system can provide an absolute guarantee that risks will be avoided. But it does help us in limiting them and hence in attaining our business targets.

Responsibility for establishing and effectively maintaining the risk management system lies with the Management Board and Supervisory Board of Gerresheimer AG. The legal representatives of our operating companies and the management of key head office functions are additionally involved in monitoring, promptly identifying, analyzing, managing and communicating risks. We have drawn up guidelines on risk reporting for our subsidiaries and key head office functions. Furthermore, we continuously fine-tune our risk management system and adapt it to current developments and conditions.

The main elements of the Group-wide risk management system are as follows:

› Uniform, periodic risk reporting to head office by subsidiaries
› Regular risk assessment in key central departments
› Risks segmented by category – namely market, customers, finance, environmental protection, legal relationships, external political and legal requirements, and strategic decisions
› Risks quantified in terms of potential financial impact and probability
› Recording of effects on profit or loss by business unit
› Mitigation by damage prevention and risk transfer

Where identified risks are already included in operational and strategic plans, in the forecast or in monthly, quarterly or annual financial statements, they are not included in risk reporting. This avoids double counting in Gerresheimer AG's risk management system. Risks are similarly excluded where no further assessment is needed to determine that the probability of occurrence is effectively nil (such as the risk of disastrous earthquakes in Germany).

The Gerresheimer Group applies a number of risk management principles. These stipulate zero risk tolerance for breaches of official regulations and laws or the Company's compliance requirements, as well as for defective products and product quality shortfalls.

As a process-independent element of our risk management system, the Internal Audit Department appraises the effectiveness and proper functioning of the early warning system at regular intervals. In addition, the external auditors assess the early warning system as part of the audit of the annual financial statements and report on this to the Management Board and Supervisory Board. Our early warning system is in full conformity with the statutory requirements and also with the German Corporate Governance Code.

INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The consolidated financial statements of the Gerresheimer Group are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and with the supplementary requirements applicable under section 315a (1) of the German Commercial Code (Handelsgesetzbuch/HGB). The annual financial statements of Gerresheimer AG are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act (Aktiengesetz/AktG).

The overriding objective of our internal control and risk management system in relation to the financial reporting process is to ensure compliance in financial reporting. Establishing and effectively maintaining adequate internal controls over financial reporting is the responsibility of the Management Board and Supervisory Board of Gerresheimer AG, which assess the adequacy and effectiveness of the control system at each financial year-end. The internal controls over financial reporting were found to be effective as of November 30, 2016.

We prepare the consolidated financial statements in a multistage process using recognized consolidation systems. The audited consolidated financial statements of the subgroups and the audited or reviewed financial statements of the remaining subsidiaries are combined to produce the consolidated financial statements of Gerresheimer AG. Gerresheimer AG has responsibility for the uniform Group-wide chart of accounts, for carrying out central consolidation adjustments as well as for scheduling and organizing the consolidation process.

Uniform guidelines on accounting in accordance with IFRS are in place for the companies included in the consolidated financial statements. These include a description of the general consolidation methods as well as the applicable accounting policies in accordance with IFRS. The guidelines are continuously updated to reflect changes to the IFRS and are available to all employees of the subsidiaries on the Gerresheimer intranet. There is also a binding schedule for the financial close process.

In the course of the financial close process, balance sheets, income statements and statements of comprehensive income are entered into the system along with information relevant to the cash flow statement, the statement of changes in equity, the notes and the management report. The system is effectively maintained centrally by Group Accounting. In addition to the automated checks that are in place, manual data completeness and accuracy checks are carried out by the operating companies and head office. The professional aptitude of employees involved in the financial reporting process is examined during their selection process, after which they receive regular training. We fundamentally apply the dual control principle. Other control mechanisms include target-performance comparisons as well as analyses of the content of and changes in the individual items. Accounting ensures that function-related information is reported by the relevant departments and incorporated into the consolidated financial statements. Our Internal Audit Department reviews the effectiveness of the controls implemented at the subsidiaries and head office in order to ensure compliance with financial reporting guidelines. As part of the 2016 year-end audit, the auditors examined our early warning system in accordance with section 317 (4) HGB in conjunction with section 91 (2) AktG and confirmed its compliance.

We prepare the annual financial statements of Gerresheimer AG using the SAP software system. Day-to-day accounting and the preparation of the annual financial statements are divided into functional process steps. Either automated or manual controls are integrated into all processes. The organizational arrangements ensure that all business transactions and the preparation of the annual financial statements are completed in a timely and accurate manner and are processed and documented within the appropriate time frame. The relevant data from Gerresheimer AG's single-entity financial statements is transferred into the Group consolidation system and adjusted as necessary to comply with IFRS.

The Supervisory Board is also involved in the control system through its Audit Committee. In particular, the Audit Committee oversees the financial reporting process, the effectiveness of the control, risk management and internal audit systems, as well as the audit of the financial statements. It is also responsible for checking the documents related to Gerresheimer AG's single-entity financial statements and the consolidated financial statements, and discusses Gerresheimer AG's single-entity financial statements, the consolidated financial statements and the management reports on those financial statements with the Management Board and the auditors.

OPPORTUNITIES OF FUTURE DEVELOPMENTS

The Gerresheimer Group faces a wide range of opportunities and risks due to its extensive, global business activities. We aim to continue making the best possible use of opportunities into the future.

Notable potential for opportunities is offered by our Technical Competence Centers (TCC). These development centers are an important resource that sets us apart and enables us to create decisive added value for customers. By investing in our technology center for glass syringes and medical plastic systems, for example, we aim in the future to enhance existing products in collaboration with customers and to further diversify our product portfolio as a whole. We also plan to create a portfolio tailored to the biotech sector, comprising existing Gerresheimer products supplemented on a targeted basis by further enhancements and new developments. More details on our research and development activities are given in the "Innovation, Research and Development" section.

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We also see strategic opportunities in the further globalization of our business. As part of this, we plan to benefit from the dynamic growth of emerging markets by extending our local presence and significantly increasing revenues in such markets in the years ahead. In recent years, we have paved the way for further growth through selective investment in Brazil, India and China. Expanding the business activities of our Plastics & Devices Division to North America promises additional growth.

Generic drug makers will gain in importance going forward. We aim to secure a share of the expected volume growth, because generics also require proper packaging and administration. Drug packaging that enhances safety and ease of use is another segment set to grow in importance.

We see additional growth opportunities in demographic change as well as in increased medical care needs among older people, advances in medical technology and in the field of biotech drugs.

RISKS OF FUTURE DEVELOPMENTS

The Gerresheimer Group is exposed to a wide range of risks due to its extensive, global business activities. To the extent that the criteria for accounting recognition are met, appropriate provision has been made for all identifiable risks.

The following sections describe risks that could affect the Gerresheimer Group's net assets, financial position and results of operations. The probability of occurrence of these risks is assessed according to the following criteria:

› Improbable = Probability of occurrence <10%
› Possible = Probability of occurrence between 10% and 50%

Risks with a probability of occurrence of more than 50% are recognized and taken into account in planning where possible.

The potential financial implications of these risks are assessed by the following criteria:

› Moderate = Net loss of up to EUR 10m
› Significant = Net loss of more than EUR 10m

The net loss relates to the potential loss in the event of a risk materializing, taking into account countermeasures and safety measures that come into action.

OVERVIEW OF RISKS AND THEIR FINANCIAL IMPLICATIONS

	Probability	Possible implications
Business strategy risks		
Risks from acquisition	improbable	significant
Product launches	possible	significant
Operational risks		
Macroeconomic risks	possible	significant
Risks of change in the regulatory environment	possible	significant
Risks from the future development of state healthcare systems	possible	significant
Product liability risks	possible	significant
Energy and raw material prices	possible	significant
Human resources risks	possible	moderate
IT risks	possible	moderate
Tax risks	possible	moderate
Legal risks	possible	moderate
Financial risks		
Currency and interest rate risk	improbable	moderate
Credit risk	improbable	significant
Liquidity risk	improbable	moderate

Existing risks are discussed in detail in the following:

BUSINESS STRATEGY RISKS

ACQUISITIONS

Potential impacts:

Acquisitions are an integral part of our strategy. Corporate acquisitions harbor the risk that not all material risks are identified in due diligence. Despite careful due diligence, changes in circumstances can mean that initial targets are not met in whole or in part.

Countermeasures:

Functional departments and, where applicable, outside specialists are involved from an early stage to ensure close scrutiny of acquisition projects during due diligence. The process as a whole is managed by our corporate Mergers & Acquisitions Department. We aim to identify risks as early as possible by closely and continuously monitoring the market and competition, and to mitigate or minimize them by taking suitable countermeasures.

PRODUCT LAUNCHES

Potential impacts:

The market launch of innovative products – in close consultation with our customers – is a key component of our growth strategy. In the context of our management responsibility, we are fully aware that this entails risks as well as opportunities. Despite our best efforts, we cannot guarantee that all products will be commercially successful on the market.

Countermeasures:

On the basis of comprehensive market analyses and contracts with customers, we ensure that the opportunities arising from a successful product launch are maximized and potential risks minimized.

OPERATIONAL RISKS

Our definition of operational risks includes operating, organizational, human resources and safety risk. Such risks are mitigated by taking out adequate insurance cover and by placing stringent requirements on production, project and quality management. We currently cover liability risks largely through third-party liability insurance and insure possible own loss or damage at replacement value under all-risk property and other insurance policies. An all-risk business interruption policy – which like the all-risk property policy is subject to appropriate deductibles – currently protects us against potential loss of earnings in the event of business interruption at the plants.

MACROECONOMIC RISKS

Potential impacts:

For the Gerresheimer Group, the performance of the global economy has a key impact on growth. As in the prior year, a general recovery of the overall risk situation could not be made out in the course of the financial year 2016. No one can currently tell with absolute certainty how the euro and financial crisis will affect the real economy, customers and suppliers, and how long the crisis will last.

Countermeasures:

We meet this risk by constantly monitoring global economic trends. In case of any change, we apply measures such as focusing capacity utilization on high-productivity production plants.

RISKS OF CHANGE IN THE REGULATORY ENVIRONMENT

Potential impacts:

Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Especially in European industrialized countries and the USA, policymakers attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the competent authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market. This creates risk with regard to the timing and volume of new drug launches and corresponding risk to sales of our primary packaging. Furthermore, rising quality expectations among our customers can create a need for increased capital expenditure.

Countermeasures:

We address these risks by working continuously at our own quality requirements. In addition, we back up our customers' sales forecasts with our own analysis.

RISKS FROM THE FUTURE DEVELOPMENT OF STATE HEALTHCARE SYSTEMS

Potential impacts:

In the financial year 2016, Gerresheimer generated 83% of Group revenues in the pharma and healthcare segment. Governments and health insurance funds in Europe and the US have endeavored to curb the rate of increase in healthcare costs in recent years. The result has been increased price pressure in the pharma industry, where the need for cost control has intensified due to limited patent protection and the constant rise in product development costs. This trend can similarly lead to increasing price pressure on our products, although generally only a small percentage of the total costs a consumer pays for medication relates to pharmaceutical primary packaging. If the price pressure is not offset by cost reductions or enhanced efficiency, this could have a significant negative impact on our net assets, financial position and results of operations.

Countermeasures:

Early identification of such developments as they emerge and active portfolio management are therefore important elements of corporate management. The Gerresheimer Group's international and multi-market presence also means that it is better placed to make up for cyclic fluctuations in individual markets and countries than other companies lacking such a global lineup.

PRODUCT LIABILITY RISKS

Potential impacts:

Despite internal measures to ensure product quality and safety, the Gerresheimer Group cannot rule out the possibility of loss or damage for customers and consumers from the use of packaging products and systems manufactured. More exacting customer requirements in the direction of zero defect tolerance pose special challenges for quality assurance. The following examples illustrate potential product liability risks: The supply of defective products to customers could result in damage to production facilities or even cause business interruption. For us, this could also mean loss of reputation for the Gerresheimer Group. Furthermore, in combination with medicines and ingredients sold by its pharma and healthcare industry customers, faulty products produced by the Gerresheimer Group could pose a health hazard to consumers. It cannot be ruled out that the Group might lose customers as a result of any such event. Gerresheimer could also be exposed to claims for damages from customers or product liability claims from consumers. Any product liability claims made against Gerresheimer, especially in class actions in the US, could be substantial. There is also the risk of the Group potentially having to bear substantial costs for recalls. Moreover, there is no guarantee that Gerresheimer will be able to obtain adequate insurance cover in the future at the present terms and conditions. As these examples show, negative impacts on the Gerresheimer Group's net assets, financial position and results of operations cannot be ruled out.

Countermeasures:

To avoid product liability claims, the Gerresheimer Group applies extensive quality assurance measures. The quality assurance and defect resolution process applied to our products is subject to continuous improvement and refinement. In addition, product liability and product liability and recall cost insurance is intended to largely cover any claims incurred.

ENERGY AND RAW MATERIAL PRICES

Potential impacts:

Our energy requirements are consistently high, due in particular to the energy-intensive combustion and melting processes in our high-temperature furnaces. A significant rise in energy prices can have a substantial impact on the Gerresheimer Group's results of operations.

Another significant portion of production costs relates to raw materials for the manufacture of glass and plastic. In the manufacture of plastic products, we are reliant on primary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends.

Countermeasures:

To cushion against rising energy costs, we make use of the special compensation arrangement in Germany for energy-intensive companies under section 64 of the Renewable Energy Act (EEG) and also hedge against increases in energy prices. We have also agreed price adjustment clauses in a number of contracts with customers. The sale of the glass tubing business in 2015 and the permanent closure of the molded glass plant in Millville (USA), likewise in 2015, reduced the number of furnaces we operate by a total of eight to thirteen. This also led to reductions notably in energy costs.

HUMAN RESOURCES RISKS

Potential impacts:

A skilled workforce is a key success factor in implementing our growth-driven corporate strategy. If in future years we do not succeed in training, recruiting and securing the long-term loyalty of sufficient numbers of qualified personnel for our Company, this could have a considerable impact on our business success. Demographic change and the resulting potential skills shortage pose additional personnel risks in the medium to long term.

Countermeasures:

We counter these risks by positioning ourselves as an attractive employer worldwide. Elements in this include competitive pay, occupation-specific continuing education and training, structured succession planning and selective fostering of young talent. We also operate diversity-oriented personnel policies and employ target group-specific personnel marketing.

IT RISKS

Potential impacts:

Increasing use is made of computer-aided business and production processes as well as of IT systems for internal and external communications. Major disruption to – or even failure of – such systems can cause data loss and obstruct business and production processes.

Countermeasures:

IT systems are standardized, harmonized, reviewed and improved Group-wide to safeguard and enhance the security and efficiency of our business processes. Minimum sectoral IT standards such as backups, redundant data links and distributed data centers help to minimize downtime risk for mission-critical systems such as SAP, websites and IT infrastructure components.

Implementation of the Group IT strategy approved by the Management Board continued apace in the financial year 2016. This included the ongoing rollout of the SAP 2 client strategy. Specifically, in applications, this constituted the rollout of SAP templates to our locations in Wertheim (Germany), Vaerloese (Denmark) and Besancon (France), with one template each for the Primary Packaging Glass Division and the Plastics & Devices Division. In Infrastructure, further security-relevant infrastructure and information security projects were implemented, such as a global information security campaign for more than 3,500 computer users in nine languages. Computer users were made aware of security issues and trained with regard to focal areas that included dealing with phishing, social engineering, password security, social networking and the secure workplace. The implementation of McAfee Endpoint Protection (antivirus software) initiated in the preceding years was completed in 2016. Further progress was made on the One Active Directory project rollout, which will be completed in 2017. The Applications and Infrastructure IT teams also worked on migration to, and carve-out from, Gerresheimer Group systems in connection with the acquisition of Centor and with the divestments of the glass tubing business and the Life Science Research Division.

Gerresheimer continues to harmonize ERP systems around SAP ECC 6.0 on an ongoing basis as well as to standardize IT network, hardware, communications and security infrastructure. IT governance and IT compliance functions aim to ensure that statutory, internal corporate and contractual requirements applying to Gerresheimer AG are met and implemented.

TAX RISKS

Potential impacts:
Due to the globalization of its business, the Gerresheimer Group must take into account a wide variety of international and country-specific rules laid down by tax authorities. Tax risks can arise from failing to fully comply with tax rules or due to differences in the tax treatment of specific matters and transactions. In particular, tax audits and any resulting audit findings involving interest and additional tax payments may have a negative impact on the Group.

Countermeasures:
Tax risks are regularly and systematically examined and assessed. Any resulting risk mitigation measures are agreed between Gerresheimer AG Group Tax and the national companies.

LEGAL RISKS

Potential impacts:
As an international enterprise, the Gerresheimer Group must comply with differing laws in different jurisdictions. This can result in a wide range of risks relating to contract, competition, environment, trademark and patent law.

Countermeasures:
We limit such risks by means of legal appraisal by our internal legal departments and by consulting external specialists on national law in the jurisdictions concerned.

We have established a global compliance program to ensure compliance with laws and regulations worldwide, especially in the areas of corruption prevention, cartel law and capital market law. All board members and employees of Gerresheimer AG and all Group companies must abide by our compliance guidelines. Adherence to the law and conformity with the guidelines under the Gerresheimer Compliance Program are of paramount importance to Gerresheimer AG and its affiliates.

We have no knowledge of risks from legal disputes that could have a significant impact on the Gerresheimer Group’s net assets, financial position and results of operations.

FINANCIAL RISKS

We are exposed to financial risks in our operating activities. The responsible Group Treasury Department centrally monitors the financial risks facing the Group by means of Group-wide financial risk management. The Group manages identified risk exposures by using appropriate hedging strategies on the basis of clearly defined guidelines.

CURRENCY AND INTEREST RATE RISK

Potential impacts:
As a company headquartered in Germany, Gerresheimer’s Group and reporting currency is the euro. Given that we conduct a large part of our business outside of the euro area, exchange rate fluctuations can have an impact on earnings. The greater volatility of exchange rates in recent years has increased related opportunities and risks. We are additionally exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing.

Countermeasures:
We limit exchange rate risks in operating activities by using forward exchange contracts. The Group uses derivative financial instruments exclusively to hedge risk in connection with commercial transactions. We contain interest rate risk where necessary by entering into interest rate swaps.

CREDIT RISK

Potential impacts:
Credit risk on primary and derivative financial instruments comprises the risk of counterparties being potentially unable to meet their contractual payment and fulfillment obligations.

Countermeasures:
Through our credit and receivables management function as well as operating company sales functions, we monitor credit risks resulting from the Group's trade relationships. Our customers undergo internal credit checks on an ongoing basis in order to avoid losses on receivables. Receivables from customers lacking a top credit rating are insured where insurance cover is available. To avoid credit risks from financial instruments, such instruments are only entered into with parties having top credit ratings.

LIQUIDITY RISK

Potential impacts:
There is the risk of not being able to fulfill existing or future payment obligations due to insufficient availability of funds.

Countermeasures:
The Group's liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning. To safeguard liquidity, the Gerresheimer Group additionally has available a revolving credit facility (refinanced in June 2015), a euro bond issue and an issuance of bonded loans in November 2015. Reference should also be made here to the quarterly meetings of the Investment Committee and its liquidity monitoring function.

A detailed presentation of the financial risks and their management can be found in the notes to the consolidated financial statements under note (6) "Financial Risk Management and Derivative Financial Instruments".

p. 110 et seq.

OVERALL ASSESSMENT OF THE GROUP RISK SITUATION

The basis for the Management Board's overall assessment of the risk situation is provided by our risk management system. The risk reporting process collates all risks reported by subsidiaries and head office functions. Risk reporting to the Management Board and the Supervisory Board follows a regular cycle.

The Gerresheimer Group's risks did not change significantly in the financial year 2016 compared with the prior year. Based on our overall risk assessment, there are currently no risks that raise doubt about the ability of the Gerresheimer Group or Gerresheimer AG to continue as a going concern or that could have a material effect on its net assets, financial position and results of operations.

Gerresheimer's credit rating is regularly assessed by the leading rating agencies Standard & Poor's and Moody's.

The senior facilities are subject to financial covenants. These are described in the "Financing Instruments" section. The stipulated financial covenants were complied with in the financial years 2015 and 2016. Based on our multiple-year budget, we project that the financial covenants will continue to be met in the future.

EVENTS AFTER THE BALANCE SHEET DATE

No events have arisen since November 30, 2016 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer Group.

OUTLOOK

GROUP STRATEGIC OBJECTIVES

The forward-looking statements on the business performance of the Gerresheimer Group and Gerresheimer AG presented in the following and the assumptions deemed significant regarding the economic development of the market and industry are based on our own assessments, which we currently believe realistic according to the information we have available. However, such assessments entail uncertainty and the inevitable risk that projected developments may not correlate in direction or extent with actual developments.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

GLOBAL AND REGIONAL ECONOMIC DEVELOPMENT [6)]

Expected growth in gross domestic product

Change in %	2017	2016
World	**3.4**	**3.1**
USA	2.2	1.6
Euro area	1.5	1.7
Germany	1.4	1.7
Emerging markets	4.6	4.2
China	6.2	6.6
India	7.6	7.6
Brazil	0.5	-3.3
Russia	1.1	-0.8

Source: International Monetary Fund (IMF): "World Economic Outlook", October 2016.

The IMF forecasts that the global economy will return to stronger growth in 2017. Following approximately 3.1% in 2016, growth is anticipated to increase to 3.4% in 2017. The expected increase is attributed both to emerging markets and industrialized nations. This forecast is based on the assumption that even the countries laboring under economic difficulties in 2016 will be able to turn around their negative growth rates and improve their economic performance. This mostly relates to Brazil and Russia. According to the IMF's figures, the positive trend in those two countries ought to more than make up for the slight decrease in the growth rate in China. Regarding the main industrialized regions, the USA is notably forecast to return to stronger growth.

On the IMF's projections, the USA will once again contribute a key growth boost to the global economy in 2017. US economic growth is expected to be slightly stronger compared with the prior year, at about 2.2%. The 2016 figure stood at around 1.6%. In the meantime, according to the IMF, it is vital that monetary policy be gradually normalized so as to further bolster the economic recovery.

For Europe, estimates for 2017 project a slight decrease in economic growth to about 1.5% – compared with growth of some 1.7% in 2016. Key factors here include the ongoing low market price for oil, loosening monetary policy and the fall in the euro.

In line with developments in Europe as a whole, the IMF predicts a slight fall in GDP growth for Germany to 1.4% (2015: 1.7%).

The IMF's growth rate forecast for emerging economies in 2017 is 4.6%, slightly above the prior-year figure of 4.2%. That is substantially higher than the growth rate in industrialized nations. Specifically, the IMF expects 6.2% GDP growth for China (2016: 6.6%) and an increase of 7.6% for India (2016: 7.6%); in Brazil, GDP is projected to show renewed growth of 0.5% (2016: contraction of 3.3%).

It also anticipates a return to positive growth for the Russian economy in 2017, at 1.1%. This represents a marked improvement compared with the 0.8% contraction in 2016. Evidently, according to the IMF, the Ukraine crisis has so far only had an impact on the countries immediately affected by it as well as on their direct neighbors. The economic consequences of this for the Gerresheimer Group's markets, although difficult to estimate, should therefore be limited.

The same applies with regard to the potential consequences of political and economic developments in the Middle East. The Gerresheimer Group generates total annual revenues of some EUR 17m in the Middle East. Accordingly, we expect the economic consequences for the Gerresheimer Group's markets to be correspondingly limited.

[6)] International Monetary Fund (IMF): "World Economic Outlook", October 2016.

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP

PROSPECTS FOR THE FINANCIAL YEAR 2017

The IMF forecasts moderate further growth for the global economy in 2017. At the same time, the IMF experts caution that burgeoning isolationist tendencies as seen in the British vote to leave the EU and protectionist ambitions in the US and Europe harbor some risks for the global economy. Independently of that, and also in light of an improved market environment in Brazil, we expect that we will once again be able to further expand our core business with primary packaging and drug delivery systems for the pharma and healthcare industry in the financial year 2017.

Recent years have seen emerging economies step up the establishment and development of healthcare provision. This has brought more widespread use of out-of-patent drugs. We anticipate that this trend will continue and lead to rising demand in 2017.

MEGATRENDS

In forecasting our market and business opportunities, we primarily endeavor to identify highly probable trends in our markets. Of particular importance in this regard are long-term global trends – also referred to as megatrends. In general, these are very stable trends not especially susceptible to setbacks. It is crucial for us to pinpoint such trends in order to be able to make strategic decisions for our Company. They relate to issues such as the development of new growth markets as well as changes in the nature and scope of demand for our products. In order to evaluate these issues, it is necessary to look into which of the currently evident trends are based on short-term developments and which are expected to be long-term and largely unaffected by political or economic events. There are six main megatrends that we expect to have a positive impact on our business development.

1. TREND TOWARD GENERIC DRUGS

The experts at Quintiles IMS Institute estimate that, in developed countries, sales of generics will rise from 28.8% in 2016 to a total of 31% of pharmaceutical expenditure in 2021.[7)] Generics revenues will also show strong growth in pharmerging markets as medicines become affordable for many patients once patent protection no longer applies. In traditional markets further along the development cycle, drug licensing and control authorities as well as health insurance funds place emphasis on good outcomes in cost-benefit analysis, in many cases leading to the approval and increasingly the prescription of generic drugs. This is a favorable trend for us, as the selling price of a drug is a secondary concern from our perspective. What counts most for us is volume growth, and so the growth of the generic drugs market drives our Group revenues and hence net income.

2. GROWTH OF HEALTHCARE IN PHARMERGING MARKETS

The Quintiles IMS Institute projects 6% to 9% annual growth in drugs sales for the pharmerging markets between 2016 and 2021. This marks a one percentage point markdown on the figures published in 2015 and reflects the slightly weaker economic growth in these countries.[7)] The most important markets include China, followed by India and Brazil. Even densely populated China, however, attains only relatively small volumes in terms of pharma revenues compared with the USA. Some USD 116bn was spent on pharmaceuticals in China in 2016, compared with over USD 461bn in the USA.[7)] Given the population densities in pharmerging markets, we see huge growth potential in the growing strength of their healthcare systems and already have a strong presence with numerous plants in China, India, Brazil and Mexico.

3. INCREASING REGULATORY REQUIREMENTS

Healthcare authorities – especially those in the US – continue to impose ever more exacting regulatory requirements. These have long since ceased to relate solely to drug making and are nowadays equally relevant to pharmaceutical packaging. Primary packaging must protect and preserve medication while preventing loss of, or variation, in efficacy. This is why healthcare authorities license new drugs only in tandem with approval for the associated primary packaging. Ultimately, the primary concern is patients' health. We consequently invest in quality worldwide and, in doing so, set ourselves apart from potential competitors, as barriers to entry are raised ever higher as a result.

4. DEVELOPMENT OF NEW DRUGS

New drugs regularly place fresh demands on packaging. The experts at Quintiles IMS Institute expect that an all-time record 45 new active agents a year will hit the market in the next five years – the result of intensive research and development work by pharmaceutical groups. Expected developments include innovative treatment methods and new platforms.[7)] Here, we can offer innovative solutions based around new materials such as high-performance COP (cyclic olefin polymer) plastic or tempered glass. A key competitive advantage for us is our in-depth materials expertise combined with our very broad product range compared with competitors. This makes the specific means of delivery used for a new drug irrelevant to us as our exceptionally broad product portfolio offers almost every conceivable glass and plastic packaging solution for drugs in liquid, solid or powder form. Similarly, we have an extensive range of packaging for pharmaceuticals produced in traditional chemical processes, for drugs made using biotechnology, likewise for generics as well as for all types of readily available pharmaceuticals.

7) Quintiles IMS Institute: "Outlook for Global Medicines through 2021", December 2016.

5. RISE OF ACUTE AND CHRONIC ILLNESSES

The prevalence of chronic illnesses is growing. Today, some 415 million people suffer from diabetes. It is estimated that this figure could reach 642 million in 25 years' time. In all probability, the proportion of people suffering from diabetes will swell from one in eleven today to one in ten by 2040, coupled with ongoing growth in the global population. Add to this that only every second diabetes sufferer is so far diagnosed as such.[8] Increasing quantities of drugs are thus needed to treat growing numbers of patients, and each individual pharmaceutical product requires a suitable packaging and delivery solution. To this end, we work together with customers to develop insulin pens, skin-prick aids for diabetics and asthma inhalers that are used in their millions every day. Pharmaceuticals companies wish to attract patients with safe drug delivery products that are not only user-friendly but have an appealing look and feel. Developing such products in close harness with customers is one of our major strengths.

6. GROWING TREND TOWARD SELF-MEDICATION

When patients need to medicate themselves, simple, reliable solutions are called for. We offer a wealth of smart self-medication products for this purpose. At the same time, these products make medication easier to take, help avoid medication errors, and give patients greater freedom and enhanced quality of life. They also help cut costs in the healthcare system because many of them serve to reduce the quantity and duration of outpatient or inpatient care that would otherwise be needed.

EXPECTED RESULTS OF OPERATIONS

THE GROUP

Our overarching Group objective is to become the leading global partner for enabling solutions that improve health and well-being. To achieve this, we aim to expand our global presence and generate profitable, sustained growth.

PLASTICS & DEVICES

We anticipate onward growth for our customer-specific glass and plastic products for safe drug delivery in 2017. Our prescription drug delivery devices are still the main revenue driver in this segment. These primarily comprise insulin pens and inhalers, but also diabetes care products and syringes. Regionally speaking, our business with prescription drug delivery devices will retain its European focus. Overall, our business in this division remains firmly on track for growth thanks to clear, intact long-term trends. This is also reflected in expansion investment to bring new production lines into operation at sites in the USA and the Czech Republic.

Sales of our plastic primary packaging products are expected to continue performing well in Europe, the US and emerging markets in the financial year 2017.

PRIMARY PACKAGING GLASS

In our Primary Packaging Glass Division, we anticipate slight revenue growth with our glass primary packaging, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars. Once again in 2017, we will be deploying various measures to further boost our productivity. This mainly involves investment in standardizing our glass production machinery. As in prior years, we expect revenue growth above all in our emerging market operations. Based on the favorable outlook for the pharma market in emerging economies, we built a new plant in Kosamba (India) beginning in 2015. We now plan to operate this at capacity with machinery and products in the coming years.

Revenues with glass pharmaceutical packaging are expected to continue showing robust growth. We also anticipate a positive operating environment for the cosmetics business, and likewise expect to slightly increase revenues with glass cosmetic products in the financial year 2017.

[8] IDF, "Diabetes Atlas", 7th edition, 2015 (www.diabetesatlas.org).

EXPECTED DEVELOPMENT OF NON-FINANCIAL SUCCESS FACTORS

EMPLOYEES

In view of the expected growth and additional projected standardization and rationalization measures, we expect that the size of the workforce will remain stable across the Group in future years. With ongoing globalization, there will be a shift in the regional weighting in favor of emerging markets.

RESEARCH AND DEVELOPMENT

We will continue to place major emphasis on our research and development activities in order to secure the Company's long-term growth through innovation.

PROCUREMENT

In 2017 as before, we will effect lasting improvements in procurement. Prices, terms and, above all, quality are key factors in generating further earnings growth. Based on current trends in the financial and real markets, we expect that prices will remain volatile.

PRODUCTION

We target zero defects in mass production. This represents a huge challenge given that we make products for the pharmaceuticals industry in very large quantities – in other words, billions of vials, containers and ampoules. To enhance product quality while reducing operational complexity at our plants, we will continue to invest substantially in standardizing and improving our production machinery in the financial year 2017. In the course of this multi-year initiative, measures include replacing machinery for the production of injection vials with new machinery that offers improved process reliability. These machines are a proprietary development made specially for our needs.

ENVIRONMENT

We have an ongoing commitment to the responsible use of natural resources and protection of the environment. For instance, the financial year saw us take part in the Carbon Disclosure Project for the eighth time in succession. This requires us to measure, analyze and manage carbon emissions at all production locations and submit a comprehensive annual report stating the composition of and changes in emissions, most importantly detailing adopted mitigation measures. Under our environmental strategy, we aim to reduce the ratio of emissions to revenues. This means that our revenues are to grow faster in the future than the unavoidable emissions produced in revenue generation. We will once again participate in the Carbon Disclosure Project in 2017.

EXPECTED FINANCIAL SITUATION AND LIQUIDITY

The Gerresheimer Group had EUR 118.4m in cash and cash equivalents as of November 30, 2016 (2015: EUR 93.7m). In addition, EUR 287.3m remained undrawn on the revolving credit facility as of the balance sheet date (2015: EUR 217.2m). We are able to draw on this facility up to a maximum leverage (net financial debt/adjusted EBITDA) of 3.5. This puts us in a sound financial position. In the financial year ahead, we will continue to have sufficient liquidity to finance our planned capital expenditure and meet our other financial obligations.

DIVIDEND POLICY

At the Annual General Meeting on April 26, 2017, the Management Board and Supervisory Board will be jointly proposing that a dividend of EUR 1.05 per share be paid out for the financial year 2016. This represents an increase of 23.5% against the prior-year dividend. The dividend ratio amounts to 24.9% of adjusted net income after non-controlling interests. In line with our operating performance, we plan to retain our dividend policy in the financial year 2017 and distribute to our shareholders between 20% and 30% of adjusted net income after non-controlling interests.

OVERALL OUTLOOK ASSESSMENT

Our Company is well equipped for the financial years ahead. Thanks to investment in profitable markets already completed or projected, coupled with past acquisitions, we are in an outstanding position to seize the opportunities and address the developments in the pharma sector going forward. We have a sound financial base, long-range financing and a clear-cut corporate strategy founded on long-term megatrends. We will continue to globalize our Company, consolidate markets and add attractive technologies to our portfolio. The goal in all activities is to further sharpen our focus on the pharma/healthcare and cosmetics industries. Alongside the organic growth we plan to finance out of operating cash flow, acquisitions-subject to careful appraisal of opportunities and risks-will continue to be instrumental. We are very well positioned relative to our competitors.

OVERALL GROUP

In the following, we set out our expectations for the financial year 2017, in each case based on constant exchange rates. For the US dollar – which is expected to have the largest currency impact on our Group currency, accounting for about a third of Group revenues in 2017 – we have assumed an exchange rate of approximately USD 1.10 to EUR 1.00.

We anticipate Group revenues of around EUR 1.43bn (plus or minus EUR 25m) on a constant exchange rate basis in the financial year 2017, compared with EUR 1,375.5m in 2016. Adjusted EBITDA is expected to increase from EUR 308m in 2016 to some EUR 320m (plus or minus EUR 10m) in the financial year 2017. Based on the improvements in adjusted EBITDA, adjusted earnings per share after non-controlling interests – the basis of Gerresheimer AG's dividend policy – is projected to rise to a figure in the range EUR 4.20 per share to EUR 4.55 per share (2016 adjusted for the discontinued operation comprising the Life Science Research Division: EUR 4.07 per share).

Largely due to our good growth prospects, and as a result of our initiatives to boost productivity and quality, capital expenditure in the financial year 2017 is expected to amount to around 8% of revenues at constant exchange rates.

Our expectations through to the end of 2018 are as follows:

- We aim for average organic revenue growth of 4% to 5%.
- For the adjusted EBITDA margin, our target is some 23% for the financial year 2018. We are thus raising our previous expectation of above 22% for this ratio.
- In order to meet these targets, we will, in all probability, require annual capital expenditure of the order of about 8% of revenues at constant exchange rates.
- Alongside the operating measures, our net working capital profile has also significantly improved, among other things as a result of the sale of the glass tubing business and the Life Science Research Division together with the acquisition of Centor. For the future, we therefore anticipate that average net working capital as a percentage of revenues will be approximately 16% (previously approximately 17%).
- We expect that our operating cash flow margin will be around 13%, as before.

Our long-term target remains:

- As before, attainment of at least 12% ROCE.
- We believe a net financial debt to adjusted EBITDA ratio of 2.5x to be right for Gerresheimer, with temporary variation above or below this tolerated because expedient M&A activity cannot be planned in detail.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Financial Year 2016 (December 1, 2015 to November 30, 2016)

in EUR k	Note	2016	2015
Revenues	(8)	1,375,460	1,282,912
Cost of sales	(9)	-943,715	-909,140
Gross profit		**431,745**	**373,772**
Selling and administrative expenses	(10)	-255,374	-242,792
Other operating income	(11)	17,545	93,291
Restructuring expenses	(13)	-2,258	-6,922
Other operating expenses	(14)	-11,215	-35,496
Share of profit or loss of associated companies	(21)	26	96
Results of operations		**180,469**	**181,949**
Interest income	(15)	4,757	4,743
Interest expense	(15)	-34,035	-33,722
Other financial expenses	(15)	-4,248	-5,617
Net finance expense[1]		**-33,526**	**-34,596**
Net income before income taxes		146,943	147,353
Income taxes	(16)	-42,457	-43,341
Net income from continuing operations		**104,486**	**104,012**
Net income from discontinued operations	(2)	63,715	8,646
Net income		**168,201**	**112,658**
Attributable to equity holders of the parent		121,638	104,217
Attributable to non-controlling interests	(28)	46,563	8,441
Earnings per share (in EUR)	(17)	**3.87**	**3.32**

[1] In order to ensure higher transparency of the net finance result, we have extended our reporting and adjusted the prior year correspondingly. For further information we refer to Note (15).

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Year 2016 (December 1, 2015 to November 30, 2016)

in EUR k	Note	2016	2015
Net income		**168,201**	**112,658**
Results from the revaluation of defined benefit plans	(29)	-1,534	4,141
Income taxes		456	-1,858
Other comprehensive income that will not be reclassified subsequently to profit or loss		**-1,078**	**2,283**
Changes in the fair value of interest rate swaps and available-for-sale financial assets		-7	–
Amount recognized in profit or loss	(15)	–	420
Income taxes		2	-160
Other comprehensive income from financial instruments		**-5**	**260**
Currency translation		-9,048	10,753
Other comprehensive income from currency translation reserve		**-9,048**	**10,753**
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met		**-9,053**	**11,013**
Other comprehensive income		**-10,131**	**13,296**
Total comprehensive income		**158,070**	**125,954**
Attributable to equity holders of the parent		126,048	106,460
Attributable to non-controlling interests		32,022	19,494

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As of November 30, 2016

ASSETS

in EUR k	Note	Nov. 30, 2016	Nov. 30, 2015
Non-current assets			
Intangible assets	(19)	1,193,902	1,251,384[1)]
Property, plant and equipment	(20)	610,169	604,605
Investment property	(20)	5,732	5,791
Investments accounted for using the equity method	(21)	262	237
Income tax receivables		1,173	732
Other financial assets	(22)	5,262	5,245
Other receivables	(23)	1,481	5,267
Deferred tax assets	(24)	13,570	8,085
		1,831,551	**1,881,346**
Current assets			
Inventories	(25)	155,433	186,392
Trade receivables	(26)	232,051	219,014
Income tax receivables		7,118	4,240[1)]
Other financial assets	(22)	10,555	10,882
Other receivables	(23)	19,157	23,903
Cash and cash equivalents	(27)	118,391	93,668
		542,705	**538,099**
Total assets		**2,374,256**	**2,419,445**

EQUITY AND LIABILITIES

in EUR k	Note	Nov. 30, 2016	Nov. 30, 2015
Equity			
Subscribed capital	(28)	31,400	31,400
Capital reserve	(28)	513,827	513,827
IAS 39 reserve	(6)	-41	-36
Currency translation reserve		-26,442	-31,938
Retained earnings	(28)	207,413	113,152
Equity attributable to equity holders of the parent		**726,157**	**626,405**
Non-controlling interests	(28)	37,138	71,726
		763,295	**698,131**
Non-current liabilities			
Deferred tax liabilities	(24)	157,633	147,466[1)]
Provisions for pensions and similar obligations	(29)	159,590	158,210
Other provisions	(31)	7,928	6,826
Other financial liabilities	(32)	744,551	740,782
Other liabilities	(33)	198	277
		1,069,900	**1,053,561**
Current liabilities			
Provisions for pensions and similar obligations	(29)	13,621	19,292
Other provisions	(31)	53,446	64,573
Trade payables	(32)	156,996	160,940
Other financial liabilities	(32)	185,428	249,611
Income tax liabilities		25,001	55,048[1)]
Other liabilities	(33)	106,569	118,289
		541,061	**667,753**
		1,610,961	**1,721,314**
Total equity and liabilities		**2,374,256**	**2,419,445**

[1)] Retrospective adjustment due to the application of the one-year period after the acquisition of Centor as of September 1, 2015. For further information we refer to Note (2).

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Year 2016 (December 1, 2015 to November 30, 2016)

			Other comprehensive income					
in EUR k	Subscribed capital	Capital reserve	IAS 39 reserve	Currency translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	**Total equity**
As of November 30/December 1, 2014	**31,400**	**513,827**	**-263**	**-31,655**	**30,108**	**543,417**	**60,955**	**604,372**
Net income	–	–	–	–	104,217	104,217	8,441	112,658
Other comprehensive income	–	–	227	-283	2,299	2,243	11,053	13,296
Total comprehensive income	**–**	**–**	**227**	**-283**	**106,516**	**106,460**	**19,494**	**125,954**
Distribution	–	–	–	–	-23,550	-23,550	-8,723	-32,273
Change in the consolidated group	–	–	–	–	78	78	–	78
As of November 30/December 1, 2015	**31,400**	**513,827**	**-36**	**-31,938**	**113,152**	**626,405**	**71,726**	**698,131**
Net income	–	–	–	–	121,638	121,638	46,563	168,201
Other comprehensive income	–	–	-5	5,496	-1,081	4,410	-14,541	-10,131
Total comprehensive income	**–**	**–**	**-5**	**5,496**	**120,557**	**126,048**	**32,022**	**158,070**
Distribution	–	–	–	–	-26,690	-26,690	-66,610	-93,300
Change in the consolidated group	–	–	–	–	394	394	–	394
As of November 30, 2016	**31,400**	**513,827**	**-41**	**26,442**	**207,413**	**726,157**	**37,138**	**763,295**

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Financial Year 2016 (December 1, 2015 to November 30, 2016)

in EUR k	Note	2016	2015
Net income		168,201	112,658
Income taxes		58,745	46,355
Depreciation of property, plant and equipment	(20)	85,218	82,064
Amortization of intangible assets	(19)	40,942	42,168
Portfolio optimization	(14)	1,028	8,960
Write-ups	(20)	-129	–
Share of profit or loss of associated companies	(21)	-26	-96
Change in other provisions		2,551	-2,392
Change in provisions for pensions and similar obligations		-8,526	-10,440
Gain (-)/loss (+) on the disposal of non-current assets/liabilities		-74,948	-72,625
Net finance expense		33,537	34,558
Interest paid		-25,837	-29,016
Interest received		1,741	1,533
Income taxes paid		-94,370	-40,867
Income taxes received		1,545	2,032
Change in inventories		7,820	7,515
Change in trade receivables and other assets		-19,552	-3,821
Change in trade payables and other liabilities		-4,483	55,881
Other non-cash expenses/income		30	-30,691
Cash flow from operating activities		**173,487**	**203,776**
Cash received from disposals of non-current assets		1,851	1,080
Cash paid for capital expenditure			
in property, plant and equipment		-106,697	-121,670
in intangible assets		-4,024	-4,129
Cash received in connection with divestments, net of cash paid	(7)	115,714	175,159
Cash paid for the acquisition of subsidiaries, net of cash received	(7)	1,013	-650,520
Cash flow from investing activities		**7,857**	**-600,080**
Distributions to third parties		-92,873	-32,414
Distributions from third parties		102	45
Raising of loans		73,668	1,447,903
Repayment of loans		-140,912	-999,469
Cash paid for finance lease		-996	-546
Cash flow from financing activities		**-161,011**	**415,519**
Changes in financial resources		**20,333**	**19,215**
Effect of exchange rate changes on financial resources		319	3,200
Financial resources at the beginning of the period	(27)	87,090	64,675
Financial resources at the end of the period	(27)	**107,742**	**87,090**
Components of the financial resources			
Cash and cash equivalents		118,391	93,668
Bank overdrafts		-10,649	-6,578
Financial resources at the end of the period		**107,742**	**87,090**

Notes (1) to (41) are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Gerresheimer AG for the Financial Year 2016 (December 1, 2015 to November 30, 2016)

(1) General

The Gerresheimer Group is a leading international manufacturer of high-quality specialty glass and plastic products for the global pharma and healthcare industry. Based on in-house development and the latest production technologies, Gerresheimer offers pharmaceutical primary packaging, drug delivery systems and diagnostic systems and packaging for the cosmetics industry.

The consolidated financial statements as of November 30, 2016 were prepared in accordance with the International Financial Reporting Standards (IFRSs), applicable as of the reporting date, issued by the International Accounting Standards Board (IASB) as adopted by the European Union as well as with regulations under commercial law as set fourth in section 315a of the German Commercial Code (Handelsgesetzbuch/HGB). Gerresheimer AG has its registered office in Klaus-Bungert-Strasse 4, 40468 Duesseldorf (Germany). Gerresheimer AG is entered in the commercial register Duesseldorf District Court (Amtsgericht – HRB 56040).

Other than as noted below, the accounting policies are consistent with the prior year. The following new or revised standards were additionally adopted for the first time:

- IAS 19, Defined Benefit Plans – Employee Contributions
- IFRS Annual Improvements
  In December 2013, the IASB published the fifth set of annual improvements with a total of six amendments modifying seven different standards. The amendments are effective for entities registered in the EU for annual periods beginning on or after February 1, 2015.

First-time adoption of the above-mentioned standards, has not had any significant effect on the consolidated financial statements.

The IASB also published the following standards and interpretations not yet applicable in the financial year:

- IFRS 9, Financial Instruments, effective date January 1, 2018
- IFRS 10, IFRS 12, IAS 28, Investment Entities – Applying the Consolidation Exception, effective date January 1, 2016
- IFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective date January 1, 2016
- IFRS 15, Revenue from Contracts with Customers, effective date January 1, 2018
- IAS 1, Presentation of Financial Statements – Disclosure Initiative, effective date January 1, 2016
- IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation, effective date January 1, 2016
- IAS 16, Property, Plant and Equipment and IAS 41, Agriculture: Bearer Plants, effective date January 1, 2016
- IAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements, effective date January 1, 2016
- IFRS Annual Improvements
  In September 2014, the IASB published the seventh set of annual improvements with a total of five amendments modifying four different standards. The amendments are effective for annual periods beginning on or after January 1, 2016.

From today´s perspective, the future application of IFRS 15 will tend to lead to later revenue recognition in construction contracts. The consequences of the application of IFRS 16 on net assets, financial position or results of operations are currently being analyzed by Gerresheimer. A reliable estimate of the quantitative effects cannot be made before the analysis has been concluded. However, Gerresheimer is expecting an increase in total assets and liabilities and an improvement of EBITDA. The potential impact of IFRS 9 on the consolidated financial statements cannot yet be conclusively assessed. The Management Board does not expect any material effect on the consolidated financial statements from the first time adoption of the other above-mentioned standards.

To improve the clarity and information value of the financial statements, certain items are combined in the balance sheet and the income statement and disclosed separately in the notes. The income statement has been prepared using the function of expense method.

The consolidated financial statements are presented in euros, the functional currency of the parent company. Individual values as well as subtotal values reflect the value with the smallest rounding difference. Consequently, minor differences to subtotal values can occur when adding up reported individual values.

The consolidated financial statements of Gerresheimer AG are published in German in the Federal Law Gazette and on the Internet at www.gerresheimer.com.

(2) Consolidated Group

The basis of consolidation for the Gerresheimer Group changed as follows during the **financial year 2016**:

a) Sale of the Life Science Research Division

In line with our strategy to focus on packaging and device solutions for our pharmaceutical customers, Gerresheimer signed an agreement on September 10, 2016, to sell the Life Science Research Division to the Duran group, a portfolio company of One Equity Partners. The transaction was completed on October 31, 2016, after approval of the relevant antitrust authorities.

The Life Science Research Division is a leading producer of laboratory and scientific glassware. The product portfolio includes reusable laboratory glassware for research, development and analytics, such as beakers, Erlenmeyer flasks and measuring cylinders as well as disposable laboratory products such as culture tubes, pipettes, chromatography vials and other specialty laboratory glassware. The Life Science Research Division had approximately 760 employees worldwide as of November 30, 2015. It has manufacturing facilities in Rockwood (Tennessee/USA), in Rochester (New York/USA), in

Queretaro (Mexico), in Meiningen-Dreissigacker (Germany) and in Beijing (China). Annual revenues of the Life Science Research Division in the financial year 2015 amounted to EUR 100.7m with the majority of sales in North America.

The Life Science Research Division comprises the entity Kimble Chase Life Science and Research Products LLC, Vineland (New Jersey/USA) and its directly and indirectly held subsidiaries. The entity Kimble Chase Life Science and Research Products LLC is a company held by Kimble Chase Holding LLC, Vineland (New Jersey/USA), of which Gerresheimer holds 51% of the capital shares and voting rights. The remaining 49% is held by Chase Scientific Glass Inc., a company owned by the Thermo Fisher group. The following entities are directly or indirectly held by Kimble Chase Life Science and Research Products LLC: Kimble Bomex (Beijing) Labware Co. Ltd., Beijing (China) with a share of 70%, Scherf-Präzision Europa GmbH, Meiningen-Dreissigacker (Germany), Kimble Kontes LLC, Vineland (New Jersey/USA) and Kontes Mexico S. de R.L. de C.V., Queretaro (Mexico) with a share of 100% for each of the entities.

The debt-free purchase price of the transaction before net working capital adjustments and net debt adjustments amounted to USD 131,000k (EUR 119,678k) and was paid in cash. The resulting book gain before taxes arising from the divestment of EUR 74,275k is included in the income statement within net income from discontinued operations.

There was no impairment loss to be recognized as a result of the remeasurement of the discontinued operation at the lower of its carrying amount and fair value less costs to sell.

In detail, the net income from discontinued operations is calculated as follows:

in EUR k	**2016**	2015
Revenues[1]	81,810	94,320
Cost of sales	-55,304	-63,097
Gross profit	**26,506**	**31,223**
Selling and administrative expenses	-18,250	-19,219
Other operating expenses and income	71,758	-382
Result of operations	**80,014**	**11,622**
Net finance expense	**-11**	**38**
Net income before income taxes	80,003	11,660
Income taxes	-16,288	-3,014
Net income from discontinued operations	**63,715**	**8,646**
Attributable to equity holders of the parent	19,347	3,401
Attributable to non-controlling interests	44,368	5,245

[1] This includes elimination entries for the financial year 2016 in the amount of EUR 4,838k (prior year: EUR 6,412k) due to the application of the consolidation method (economic view) as described in Note (3).

The following table shows the assets and liabilities disposed of on October 31, 2016:

ASSETS

in EUR k	
Intangible assets	13,607
Property, plant and equipment	9,837
Inventories	22,080
Trade receivables	9,338
Other receivables	3,884
Cash and cash equivalents	8,724
Deferred tax assets	4,811
	72,281

LIABILITIES

in EUR k	
Provisions for pensions and similar obligations	634
Other provisions	6,810
Trade payables	5,896
Income tax liabilities	239
Other liabilities	5,847
Deferred tax liabilities	21
	19,447

At the closing of the transaction on October 31, 2016, the book gain before taxes is calculated as follows:

in EUR k	
Consideration received[1]	128,040
Assets disposed of	72,281
Liabilities disposed of	19,447
Cumulative exchange loss in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	-394
Exchange losses	-537
Book gain before taxes	**74,275**

[1] This position includes the amount of cash and cash equivalents of EUR 7,035k as expected as of the transaction date, as well as a very probable purchase price adjustment that has not yet been cash relevant.

Discontinued operations had the following impact on the cash flow statement of the Gerresheimer Group:

in EUR k	**2016**	2015
Cash flow from operating activities	6,680	18,836
Cash flow from investing activities	124,246	-1,714
Cash flow from financing activities	-65,172	-13,773

b) Changes in the consolidated group during the financial year 2015
In the **financial year 2015**, the consolidated group of the Gerresheimer Group changed as follows:

In line with our strategy to focus on packaging solutions for our pharmaceutical customers, Gerresheimer signed an agreement on June 29, 2015, to sell the glass tubing business (part of the Primary Packaging Glass Division) to Corning Inc. The transaction was closed on November 2, 2015. In addition, both companies have established the company Corning Pharmaceutical Packaging LLC, Wilmington (Delaware/USA), to accelerate innovations for the pharmaceutical glass packaging market. Gerresheimer AG indirectly holds a stake of 25% in this newly founded company. The purchase price of the transaction before net working capital adjustments and net debt adjustments amounted to EUR 196,000k. The resulting book gain arising from the divestment of EUR 72,808k is included in the prior-year income statement within other operating income in the Primary Packaging Glass Division.

An agreement was signed on July 27, 2015 for the purchase of 100% of capital shares and voting rights in the American Centor US Holding Inc., Perrysburg (Ohio/USA) (hereinafter Centor). Centor US Holding Inc. directly and indirectly holds 100% of the capital shares and voting rights in Centor Inc. and Centor Pharma Inc., both based in Perrysburg (Ohio/USA). The transaction was completed on September 1, 2015, and therefore the company has been included in the consolidated financial statements of Gerresheimer AG since the fourth quarter 2015. The purchase price of the stake before net working capital adjustments was USD 725,000k, which was paid partly in EUR. The net working capital adjustments resulting from the sale and purchase agreement amounted to USD 2,733k. The purchase price has also been adjusted by an exchange rate effect in the amount of USD 4,691k. Moreover, a purchase price adjustment of USD 1,100k was agreed with the seller on January 4, 2016. This adjustment had already been considered in the financial statements as of November 30, 2015. The effective payment was made in the current reporting period on January 8, 2016. In the financial year 2016, Gerresheimer received information on assets and liabilities as of November 30, 2015 that was existent as of the acquisition date and – if known – would have led to different accounting at the reporting date. Therefore, notes to the financial statements regarding goodwill (EUR -1,124k), income tax receivables (EUR 642k), income tax liabilities (EUR -1,439k) as well as deferred tax liabilities (EUR 957k) have been adjusted retrospectively.

With economic effect from March 31, 2015, VR-Leasing SALMO GmbH & Co. Immobilien KG, Eschborn (Germany), was merged under commercial law with Gerresheimer Regensburg GmbH, Regensburg (Germany).

Furthermore, Gerresheimer Plastic Packaging AB, Malmoe (Sweden) was liquidated with effect from August 27, 2015.

The full list of shareholdings of Gerresheimer AG as of November 30, 2016 is set out below:

in %	Investment (direct and indirect)
Entities included in the consolidated financial statements	
Asia	
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)	100.00
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00
Triveni Polymers Private Ltd., New Delhi (India)	75.00
Europe	
DSTR S.L.U., Epila (Spain)	100.00
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00
Gerresheimer Bünde GmbH, Buende/Westphalia (Germany)[1]	100.00
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00
Gerresheimer Essen GmbH, Essen (Germany)[1]	100.00
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Group GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Hallenverwaltungs GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Düsseldorf KG, Duesseldorf (Germany)[2]	100.00
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00
Gerresheimer item GmbH, Muenster (Germany)[1]	100.00
Gerresheimer Küssnacht AG, Kuessnacht (Switzerland)	100.00
Gerresheimer Lohr GmbH, Lohr/Main (Germany)[1]	100.00
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00
Gerresheimer Moulded Glass GmbH, Tettau/Upper Franconia (Germany)[1]	100.00
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00
Gerresheimer Regensburg GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Spain S.L.U., Epila (Spain)	100.00
Gerresheimer Tettau GmbH, Tettau/Upper Franconia (Germany)[1]	100.00
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00
Gerresheimer Valencia S.L.U., Masalaves (Spain)[3]	99.91
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[1]	100.00
Gerresheimer Wertheim GmbH, Wertheim (Germany)[1]	100.00
Gerresheimer Zaragoza S.A., Epila (Spain)[3]	99.91

in %	Investment (direct and indirect)
Americas	
Centor Inc., Perrysburg, OH (USA)	100.00
Centor Pharma Inc., Perrysburg, OH (USA)	100.00
Centor US Holding Inc., Perrysburg, OH (USA)	100.00
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)[3]	99.91
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00
Gerresheimer MH Inc., Wilmington, DE (USA)	100.00
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)	100.00
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00
Gerresheimer Queretaro S.A., Queretaro (Mexico)	100.00
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00
Kimble Chase Holding LLC, Vineland, NJ (USA)	51.00
Associated companies	
Gerresheimer Tooling LLC, Peachtree City, GA (USA)	30.00
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)	30.15
Non-consolidated companies[4]	
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)	100.00
Corning Pharmaceutical Packaging LLC, Wilmington, DE (USA)	25.00

[1] Entities having made use of the exemption under section 264 para. 3 of the German Commercial Code (Handelsgesetzbuch/HGB).
[2] The company made use of the exemption offered by section 264b of the German Commercial Code (Handelsgesetzbuch/HGB).
[3] Increase by 0.07 percentage points compared to prior year due to a capital increase without participation of the non-controlling interests at Gerresheimer Zaragoza S.A., Epila (Spain) and due to that indirectly also at Gerresheimer Valencia S.L.U., Masalaves (Spain) and Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina).
[4] Company not consolidated since it is not material to the net assets, financial position and results of operations or the cash flows of the Group.

During the sale process of the Life Science Research Division, the entity Kimble Chase Holding LLC, Vineland (New Jersey/USA) was founded on July 31, 2016. In this context, 51% of shares of Kimble Chase Life Science and Research Products LLC were raised by Gerresheimer Glass Inc. and 49% of shares of Kimble Chase Life Science and Research Products LLC were raised by Chase Scientific Glass Inc., a subsidiary of the Thermo Fisher Scientific Inc. group. The sale of the Kimble Chase Life Science and Research Products LLC as well as its directly and indirectly held subsidiaries was closed on October 31, 2016. The entity Kimble Chase Holding LLC will remain in force until the final closing of the transaction and the related dividend payments to its shareholders.

The following table shows the subsidiaries and the consolidated subgroup with material **non-controlling interests**:

	Nov. 30, 2016			Nov. 30, 2015		
in EUR k	**Investment in non-controlling interests in %**	**Accumulated non-controlling interests**	**Distributions to non-controlling interests[1]**	Investment in non-controlling interests in %	Accumulated non-controlling interests	Distributions to non-controlling interests[1]
Company						
Kimble Chase Holding LLC, Vineland, NJ (USA)	49.0	2,924	63,643	–	–	–
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup	–	–	–	49.0	35,602	6,898
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	40.0	9,223	972	40.0	10,550	740
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	40.0	5,035	1,286	40.0	5,099	1,226
Triveni Polymers Private Ltd., New Delhi (India)	25.0	19,952	282	25.0	20,458	–

[1] Distributions are converted at the respective transaction rate.

The following table shows summarized financial information for subsidiaries with material **non-controlling interests**:

in EUR k	Nov. 30, 2016 Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income
Company						
Kimble Chase Holding LLC, Vineland, NJ (USA)	–	6,699	–	196	–	81,177
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup[1]	–	–	–	–	–	6,249
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	13,225	13,268	–	3,618	23,483	1,127
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	3,464	12,015	–	2,600	18,545	4,066
Triveni Polymers Private Ltd., New Delhi (India)	41,862	13,007	11,795	2,746	20,859	469

in EUR k	Nov. 30, 2015 Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income
Company						
Kimble Chase Holding LLC, Vineland, NJ (USA)	–	–	–	–	–	–
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup[1]	16,516	53,404	51	21,423	100,732	10,675
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	15,717	14,889	–	4,429	26,341	2,218
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	3,949	11,655	–	2,542	19,628	4,067
Triveni Polymers Private Ltd., New Delhi (India)	46,705	11,941	12,921	3,376	22,375	1,285

in EUR k	2016			2015		
	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
Company						
Kimble Chase Holding LLC, Vineland, NJ (USA)	315	124,188	-117,898	–	–	–
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup[1]	–	–	–	18,836	-1,714	-13,773[2]
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	2,165	-543	-2,464	3,094	-1,368	-1,891
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	4,527	-308	-3,260	3,689	-883	-3,044
Triveni Polymers Private Ltd., New Delhi (India)	3,584	-704	-1,114	2,625	-2,355	–

[1] For further information refer to Note (2).
[2] Exclusively distributions to equity holders.

Changes in non-controlling interests are shown in the consolidated statement of changes in equity.

(3) Consolidation Principles

The consolidated financial statements include Gerresheimer AG and the domestic and foreign subsidiaries it directly or indirectly controls.

Consolidation of subsidiaries normally begins at the date the parent company obtains control. Subsidiaries are deconsolidated at the date control is lost. Non-controlling interests in equity, profit or loss and comprehensive income are presented separately in the balance sheet, income statement and statement of comprehensive income. In the consolidated balance sheet, non-controlling interests are presented separately from equity attributable to equity holders of the parent.

Acquisitions of subsidiaries are accounted for using the acquisition method. This stipulates that all identifiable assets and liabilities of an entity acquired in a business combination are measured at acquisition date fair values. Any excess of the sum of the consideration transferred, the fair value of any previously held equity interest in the acquiree and any non-controlling interest over the remeasured net assets of the subsidiary is recognized as goodwill. Any gain from a bargain purchase (negative goodwill), after careful reassessment, is recognized immediately under other operating income in profit or loss.

Investments in associates are accounted for using the equity method, according to the Group's share in equity. Interim financial statements are prepared as of the Group's balance sheet date.

Domestic and foreign entities included in consolidated financial statements are prepared using uniform accounting policies.

Intra-Group transactions are eliminated. Receivables and payables between consolidated entities are set off against each other, intra-Group profits and losses are eliminated and intra-Group income is set off against corresponding expenses. Deferred taxes are recognized for temporary differences on consolidation.

In order to report net income from discontinued operations, income and expenses resulting from intra-Group transactions are allocated to discontinued operations under consideration of future delivery and service agreements (economic view). This leads to a more meaningful presentation of the financial effects in the income statement as well as in the statement of comprehensive income.

Prior-year figures in the income statement and in the statement of comprehensive income are adjusted accordingly. However, the Life Science Research Division is still included in full in the prior-year figures on the balance sheet, in the development schedules of balance sheet items for the year under review until classification as a discontinued operation and for the prior year, and in the cash flow statement for the year under review until classification as a discontinued operation and for the prior year.

(4) Currency Translation

Non-monetary items are translated into the functional currency at the transaction date exchange rate. Monetary items are translated using the closing rate at the reporting date. Exchange gains or losses from the translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss except the effective portion of any exchange rate gains or losses on financial instruments designated as a cash flow hedge, which is recognized in other comprehensive income.

The consolidated financial statements are presented in the reporting currency euro. Balance sheet items of all foreign entities whose functional currency is not the euro are translated using the mid-market rates at the balance sheet date published by the European Central Bank.

Income and expense items and cash flows of foreign entities are translated into the reporting currency using the yearly average exchange rate. Any resulting exchange differences are recognized in other comprehensive income. The total amount of cumulative exchange rate differences allocated to the equity holders of the parent of a disposed foreign division is reclassified into the income statement.

The following exchange rates are used to translate the major currencies in the Group into reporting currency:

		Closing rate		Average rate	
1 EUR		**Nov. 30, 2016**	Nov. 30, 2015	**2016**	2015
Argentina	ARS	**16.6599**	10.2702	**15.7970**	10.1498
Brazil	BRL	**3.6118**	4.0709	**3.9023**	3.6170
Switzerland	CHF	**1.0803**	1.0903	**1.0914**	1.0843
China	CNY	**7.3205**	6.7689	**7.2798**	7.0397
Czech Republic	CZK	**27.0600**	27.0300	**27.0420**	27.3531
Denmark	DKK	**7.4403**	7.4604	**7.4484**	7.4577
India	INR	**72.8590**	70.5275	**73.9900**	71.9083
Mexico	MXN	**21.8775**	17.5569	**20.2194**	17.5640
Poland	PLN	**4.4483**	4.2721	**4.3534**	4.1876
Sweden	SEK	**9.7538**	9.2070	**9.4229**	9.3536
United States of America	USD	**1.0635**	1.0579	**1.1026**	1.1254

(5) Accounting Policies as well as Judgement and Estimates

Assets and liabilities are measured at amortized cost with the exception of available-for-sale financial assets and derivative financial instruments, which are measured at fair value.

Intangible assets

Intangible assets are carried at cost. Intangible assets with finite useful lives are carried at cost less amortization allocated over their useful life and less any impairments. The useful life of licenses and similar rights is one to five years. Brand names with finite useful lives are, like technologies, amortized over their estimated useful lives of five to 20 years. Customer bases are amortized over 15 to 20 years.

Other brand names and goodwill are recognized as intangible assets with indefinite useful lives. Goodwill is capitalized at cost less any necessary impairments. Net assets correspond to the balance of fair value of identifiable assets acquired, the liabilities assumed and contingent liabilities. Brand names with indefinite useful lives and goodwill are tested for impairment at least once a year. Impairment testing is performed regularly at the end of a financial year and additionally when there are indications that intangible assets with indefinite useful lives may be impaired.

Research cost is generally expensed as incurred. Development cost is only recognized as an intangible asset if – among other things – it is likely that the project will be technically and commercially feasible and if the cost attributable to the intangible asset during its development can be measured reliably. Capitalized development costs are amortized on a straight-line basis over a period of seven respectively ten years.

The Group receives emission allowances free of charge in certain European countries as part of the European Emissions Trading System. These emission allowances are accounted for using the net liability method. Non-monetary government grants, in this case the asset received (emission allowances), are recorded at their nominal amount. Obligations in respect of pollution emissions are not taken into account until actual emissions exceed the emission allowances held by the Gerresheimer Group. The obligation is then recognized at the fair value of the emission allowances. Any emission allowances acquired from third parties are recognized at cost and reported under "other receivables".

Property, plant and equipment

Property, plant and equipment is measured at cost less depreciation and any impairments. As well as directly attributable costs, the cost of property, plant and equipment also includes apportioned indirect material, indirect labor and production-related administrative expenses. Borrowing costs are recognized solely for qualifying assets. Qualifying assets are assets that take at least twelve months to get ready for use. Property, plant and equipment is generally subject to depreciation on a straight-line basis. Depreciation is based on useful lives estimates as follows:

Years	
Buildings	10–50
Plant and machinery	5–15
Fittings, tools and equipment	3–10

Repair and maintenance expenses are expensed as incurred. Gerresheimer recognizes subsequent costs of major servicing and furnace overhauls as part of cost if it is probable that they will result in future economic benefits and can be measured reliably.

Government grants

Government grants are recognized if they have been officially approved and there is reasonable assurance that the entity will comply with the conditions attached to them. Grants for purchase of assets are released to income in equal annual installments over the expected useful life of the subsidized asset.

Investment property

Investment property comprises property held on a long-term basis to earn rental income and/or for capital appreciation. It is recognized at cost less accumulated depreciation and accumulated impairment losses (cost model).

Leases

Leased property, plant and equipment is recognized and depreciated if the risks and rewards incidental to ownership have been transferred to a Group company. On initial recognition, finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The liabilities are recognized under financial liabilities. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic interest rate on the remaining balance of the liability. Non-current assets acquired through finance leases are depreciated over the shorter of their expected useful life or the lease term.

Lease payments over the lease term under leases classified as operating leases are recognized by Gerresheimer directly in profit or loss.

Impairment

Property, plant and equipment, investment property, goodwill and intangible assets are tested for impairment if circumstances and events indicate that their carrying amount exceeds their recoverable amount. Goodwill and other intangible assets with indefinite useful lives are additionally tested annually for impairment at the level of the cash-generating units to which they belong. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its net realizable value or value in use.

For assets other than goodwill, impairment losses are reversed if the reasons for impairment cease to exist. Impairment losses are recognized in other operating expenses and any subsequent impairment reversals in other operating income.

Investments in associates

Investments in associates are initially recognized at cost. They are subsequently measured using the equity method, under which the carrying amount is adjusted in accordance with changes in the Group's share in the equity of the associate remeasured at the acquisition date. The percentage of the investment is calculated on the basis of the circulating shares. If an associate has a different functional currency than the reporting currency, its financial statements are translated into the reporting currency prior to equity method adjustment.

Investments in associates are reported under the position "Investments accounted for using the equity method". The profit or loss of equity method investments is recognized in operating income, as Gerresheimer holds such investments not for financial purposes but as part of the Group's operating business.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is generally the average cost, and includes production and material overheads in addition to direct costs. Other expenses attributable to production are also included in the costs of conversion. Besides these production costs, the cost of sales shown in the income statement also include the cost of unused capacity.

Financial assets

A financial asset is recognized when Gerresheimer becomes a contracting party in relation to the financial asset. Initial recognition is at fair value plus directly attributable transaction costs, with the exception of financial assets initially measured at fair value through profit and loss. In the same way, a financial asset is derecognized when the contractual right to receive cash thereof expires. The settlement date, i.e., the date on which the asset is delivered to or by the Gerresheimer Group (date of transfer of ownership), is relevant for the first-time recognition and derecognition of regular purchases or sales.

Upon acquisition, financial assets are classified into categories as follows. The classification is reviewed at each balance sheet date.

Financial assets measured at fair value through profit and loss: Financial assets initially measured at fair value through profit and loss comprise assets held for trading. Any gain or loss on subsequent measurement is recognized in profit or loss.

At Gerresheimer, these assets exclusively comprise the derivative financial instruments included in other financial assets that are not determined to be an effective hedge. Gerresheimer does not make use of the fair value option. Please see Note (6) for further explanations on derivative financial instruments.

Held-to-maturity financial investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group has the positive intention and ability to hold to maturity. After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest method less any impairment losses. Gains and losses are recognized in profit or loss when an investment is derecognized or impaired, and through the amortization process.

No financial assets are classified in this category at Gerresheimer.

Available-for-sale financial assets: Available-for-sale financial assets are financial assets that are not allocated to any of the other categories based on their objective characteristics or which are designated as "available-for-sale" by the company. Subsequent to initial measurement, available-for-sale financial assets are generally measured at fair value. Unrealized gains or losses are recognized in other comprehensive income. If such a financial asset is derecognized or impaired, any accumulated gain or loss that had previously been recognized in other comprehensive income is recognized in profit or loss.

Gerresheimer has classified investments in other companies as "available-for-sale". As there is no quoted price for these investments and their fair value cannot be reliably determined using a valuation technique, the financial assets are measured at cost.

Sundry other financial assets included in other financial assets are classified in the same category.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired.

This category includes trade receivables, loans and refund claims included in other financial assets, and cash and cash equivalents.

If there are indications of impairment for balances in the loans and receivables category, an impairment test is carried out. For this purpose, it is determined whether the carrying amount exceeds the present value of the estimated future cash flows discounted at the financial asset's effective interest rate. In this case, an impairment loss is recorded for the difference. If an impairment ceases to exist, the impairment loss is reversed, though not in excess of initial cost.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset as well as all risks and rewards of ownership of the financial asset are transferred to a third party.

Objective evidence for impairments can be – among other things – an increased probability that the borrower will enter bankruptcy or other financial reorganization, significant financial difficulty of the contractual party, the disappearance of an active market for that financial asset or a breach of contract.

No reclassifications between the categories were made either in the financial year or in the prior year.

Customer-specific construction contracts

Revenues from customer-specific construction contracts are accounted for using the percentage of completion method. The work performed, including the share in the profit or loss, is recognized in revenues by reference to the stage of completion of the contract. Gerresheimer determines the applicable percentage of completion based on the portion of contract costs incurred for work performed to date relative to the estimated total contract costs (cost to cost method). When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. These amounts are reported as part of trade receivables.

Other receivables

Tax receivables, prepayments and other non-financial assets are recognized at nominal values less impairments.

Cash and cash equivalents

Cash and cash equivalents are carried as financial assets at nominal value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents have terms of three months or less – starting from the date of acquisition.

Non-current assets held for sale and discontinued operations
This item is presented in the balance sheet if there are individual non-current assets or groups of assets and directly attributable liabilities that are able to be sold in their current condition and their sale is highly probable within twelve months.

Non-current assets in a disposal group are no longer depreciated or amortized. Instead, they are recognized at the lower of carrying amount and fair value less costs to sell. If the carrying amount exceeds the comparison figure, an impairment loss in the amount of the difference is recognized by Gerresheimer in profit or loss.

Provisions for pensions and similar obligations
The Group has a number of pension schemes geared to the regulations and practices of the countries they apply to. Commitments have also been made in the US to provide additional post-employment medical care.

When accounting for pensions and other post-employment benefits, a distinction is made between defined benefit plans and defined contribution plans. Under a defined contribution plan, the Group pays fixed amounts into a fund and no further legal or constructive obligation exists to pay any further amounts in cases where the fund does not have enough capital to meet its obligation to pay the benefits due for the current and prior years. The Group's obligation is restricted to the payment of ongoing annual contributions. Accordingly, Gerresheimer does not recognize any assets and liabilities in relation to defined contribution plans with the exception of contribution payments in advance and arrears.

Under defined benefit plans, on the other hand, the Group has an obligation to pay pension benefits. The amount of the defined benefit obligation is tied to factors such as age, years of service and salary. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized in total in the position "Other comprehensive income". Past service cost is immediately expensed.

The defined benefit liability is the net total of the present value of the defined benefit obligation minus the fair value of plan assets out of which the obligations are to be settled directly.

The obligations are measured annually by independent actuaries. The interest payable on pensions is recognized in net finance expense.

Stock appreciation rights (phantom stocks)
Stock appreciation rights are accounted for at fair value. The fair value of phantom stocks is recognized pro rata temporis in personnel expenses and, at the same time, as a provision because there is an obligation to make a cash settlement. The total expense to be recognized until the exercise date of phantom stocks is calculated based on the fair value of the phantom stocks and the expected staff turnover rate among beneficiaries; these parameters are reviewed at each balance sheet date.

Other provisions
Other provisions are recognized if a current obligation exists as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Non-current provisions are discounted. If a contractual claim to refund from a third party is sufficiently probable, the refund is recognized as an asset in the balance sheet.

Other provisions also include partial retirement obligations on a block model basis. The salary portion and the top-up amounts paid by the employer are recognized pro rata temporis during the active phase over the employee's remaining term of service. While the top-up amounts are paid out from the beginning of the active phase, the salary amounts are payable from the beginning of the passive phase.

Post-employment benefits are accounted for when an obligation exists on the basis of a detailed formal plan or a specific offer relating to termination benefits. Benefits not expected to be paid in full within twelve months are discounted to the present value.

Current and deferred income taxes
The incorporated companies included in the Gerresheimer Group (with the exception of the foreign subsidiaries) comprise a tax group for income tax purposes. Gerresheimer AG fulfills the role of taxpayer and/or tax creditor. As a result, the German subsidiaries consolidated into the Group do not generally incur income taxes. In addition to the calculation of current income taxes, deferred tax assets or liabilities are recognized for temporary differences between the amounts recognized in the Company's tax accounts and its IFRS balance sheet. These represent a future tax burden (deferred tax liabilities) or future tax relief (deferred tax assets). Deferred tax assets are also recognized for tax loss carryforwards and tax credits. The amounts are measured using the tax rates applicable in the periods in which the temporary differences are expected to reverse or, if those rates are not known, the tax rates applicable as of the reporting date. Deferred tax assets are only recognized when it appears probable that they will be realized.

Changes in deferred tax assets or liabilities generally result in deferred tax income or expense. As far as the changes in deferred taxes result from items recognized in other comprehensive income, deferred taxes as well as their changes are equally recognized in other comprehensive income.

Financial liabilities
Financial liabilities include non-derivative financial liabilities and negative fair values of derivative financial instruments.

A non-derivative financial liability is initially recognized when a contractual obligation to payment comes into being. Initial measurement is at fair value less any transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Any differences between the fair value (less any transaction costs) on initial recognition and the amount repayable on maturity are recognized in profit or loss over the term of the liability.

Derivative financial instruments not determined to be an effective hedge must be classified as held for trading and accounted for at fair value through profit or loss. If their fair value is negative, they are recognized in financial liabilities. Gerresheimer does not make use of the fair value option. Please see Note (6) for further explanations on accounting for derivative financial instruments. Put options are classified on initial recognition at fair value through profit and loss.

Financial liabilities are derecognized once the contractual obligations to payment arising from the liabilities have been settled, removed or canceled and have therefore expired.

Other liabilities
Prepayments received, liabilities from other taxes or social security and non-financial liabilities are accounted for at amortized cost.

Revenue recognition
Revenue from the sale of products and services is recognized, less deductions such as bonuses and discounts, at the date on which the risks are transferred or the service is rendered. Interest income is recognized using the effective interest method.

Construction contracts are accounted for using the percentage of completion method. The work performed, including the share in the profit or loss, is recognized by using the cost to cost method in revenues in accordance with the percentage of completion.

Judgement and estimates
Preparation of the consolidated financial statements in compliance with the financial reporting principles applied requires estimates, assumptions and judgements that affect the recognition and measurement of assets and liabilities as of the balance sheet date, the disclosure of contingent liabilities and receivables as of the balance sheet date, and the amounts of income and expenses reported in the reporting period. Although the estimates are subject to ongoing review and made to the best of management's knowledge of current events and transactions, actual future results may differ from the estimated amounts. Changes in accounting estimates are recognized in the period of the change if the change affects that period only, and in the period of the change and future periods if the change affects both.

The main future-related assumptions subject to estimation uncertainty are set out in the following.

Acquisitions of subsidiaries are accounted for using the acquisition method. This stipulates that all identifiable assets and liabilities of an entity acquired in a business combination are measured at acquisition date fair values. Measuring acquisition date fair values requires estimates. The fair values of land, buildings and office equipment are generally measured on the basis of independent appraisals. If intangible assets are identified, either an independent appraisal is used as the basis or their fair value is measured by applying an appropriate valuation technique, depending on the type of asset and the complexity of fair value measurement. These fair value measurements are associated with management estimates regarding future changes in the value of the assets concerned on the basis of expected future cash flows and regarding the selection of an appropriate discount rate.

The identification of any **goodwill impairment** requires measurement of the value in use of the cash-generating unit to which the goodwill has been allocated. Measuring the value in use necessitates an estimation of future cash flows from the cash-generating unit and of an appropriate discount rate for the present value calculation. If the expected future cash flows prove smaller than previously estimated, the goodwill may be impaired. For further information, please see Note (19).

As a rule, **pensions and similar obligations** for employee benefits are provided on a defined benefit basis. The defined benefit obligation is measured in accordance with actuarial methods based on assumptions regarding the discount rate, increases in salaries and pensions, and life expectancy. These can differ considerably from actual developments because of variations in the market and economic environment. In addition, Gerresheimer AG provides subsidized healthcare for retired employees in the USA. Should it become necessary to modify the assumptions relating to the aforementioned parameters, this could have an effect on the future amount of pension costs, equity, and provisions for pensions and similar obligations. For further information, please see Note (29).

Gerresheimer recognizes **bad debt allowances for doubtful receivables** in order to account for the expected losses in the event that customers are unable to pay. Factors considered in determining the appropriateness of the bad debt allowances recognized for doubtful receivables comprise the age structure of receivables, past experience with regard to the derecognition of receivables, customer credit ratings and changes in payment terms. In the event that a customer's financial situation deteriorates, the amounts to be derecognized may exceed the amount of the bad debt allowances. For further information, please see Note (26).

The Gerresheimer Group operates and generates income in many different countries. It is consequently subject to multiple different tax jurisdictions. Except in the case of group taxation regimes such as fiscal unity, expected current income tax, tax payables and receivables, temporary differences, tax loss carryforwards and the resulting deferred tax assets and liabilities must be determined separately for each taxable entity. The determination of **current and deferred taxes** involves management judgements. Deferred tax assets are only recognized when it appears probable that they will be realized within the planning horizon. The realization of deferred tax assets notably depends on the ability to generate sufficient taxable income for the applicable type of tax and tax jurisdiction. Various factors have to be taken into account in assessing the probability of the inflow of future economic benefits, such as corporate planning, restrictions on tax loss carryforwards and tax planning strategies. The amounts recognized for deferred tax assets may decrease if the estimates of budgeted taxable income are reduced or if changes in tax law restrict the timescale of tax benefits or the extent to which they can be realized. For further information, please see Note (24).

Stock appreciation rights are accounted for in the Gerresheimer Group at fair value. The fair value of phantom stocks is recognized pro rata temporis in personnel expenses and, at the same time, as a provision because there is an obligation to make a cash settlement. Their fair value is determined using a recognized (binomial) option pricing model. The parameters used in this model and the fair values of each tranche are presented in Note (30). Should it become necessary to modify the assumptions relating to the aforementioned parameters, this could have an effect on the future amount of expenses, equity and provisions for obligations relating to Gerresheimer stock appreciation rights.

Revenue from customer-specific construction contracts is accounted for using the percentage of completion method. The work performed, including the share in the profit or loss, is recognized in revenues in accordance with the percentage of completion. Gerresheimer determines the applicable percentage of completion as the ratio of contract costs incurred to expected total contract costs (cost to cost method). The main estimates relate to the total contract costs and the contract costs to complete the contract. These estimates are reviewed and adjusted as necessary on an ongoing basis.

(6) Financial Risk Management and Derivative Financial Instruments

Derivative financial instruments are used exclusively for hedging purposes.

The Group's financial risks are monitored centrally as part of Group-wide financial risk management. Identified potential risks are managed using suitable hedging instruments on the basis of clearly defined guidelines.

Except for price risk from fluctuations on money, capital and international commodities markets, risk management also targets credit and liquidity risk.

In line with intra-Group financing guidelines, **exchange rate risks** are hedged using forward exchange contracts and currency swaps. Transaction risks generally solely represent exposures in currency management. Currency derivatives are generally used to hedge specific hedged items and are classified as hedging instruments.

Credit risks resulting from the Group's trade relationships are monitored through credit and receivables management and by the sales divisions of operating entities. With the aim of avoiding losses on receivables, customers are subject to ongoing internal credit checks. Receivables from customers that do not have a first-class credit rating are generally insured.

The Group's **liquidity situation** is monitored and managed using sophisticated planning instruments. Risks in connection with the procurement of funds are identified and monitored on the basis of rolling financial and liquidity plans.

All derivative financial instruments are measured at fair value. Derivative financial instruments with a positive fair value are recognized in other financial assets and derivatives with negative fair values in other financial liabilities.

The fair values of derivative financial instruments are measured using the applicable exchange rates, interest rates and credit standings at the balance sheet date. The fair value is the price that a Group entity would receive or have to pay to transfer a derivative financial instrument in an orderly transaction between market participants at the measurement date.

Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss, except derivatives designated as a hedge of expected future cash inflows or outflows (cash flow hedges). The portion of any changes in the fair value of a cash flow hedge that is determined to be an effective hedge is recognized by Gerresheimer in other comprehensive income (against the IAS 39 reserve). The amounts recognized in other comprehensive income are reclassified to profit or loss in the period(s) in which the hedged cash flows would affect profit or loss.

Due to their short-term nature, the currency derivatives used to hedge exchange rate risk are not designated as hedge instruments by Gerresheimer. Changes in their fair value are recognized in profit or loss in accordance with the general rules on accounting for derivatives.

(7) Cash Flow Statement

The cash flow statement shows how the financial resources of the Gerresheimer Group have changed due to cash inflows and outflows during the financial year. The cash flow effects of the initial consolidation of acquisitions, divestments and other changes in the consolidated group are presented separately. Financial resources as reported in the cash flow statement comprise cash and cash equivalents, which is cash on hand, checks, bills of exchange and bank balances, diminished by bank overdrafts. The item "Cash received in connection with divestments, net of cash paid" in the reporting period mainly includes the sale of the Life Science Research Division, in the prior year it mainly includes the sale of the glass tubing business. The item "Cash paid for the acquisition of subsidiaries, net of cash received" in the actual financial year contains cash inflow from a purchase price adjustment for the US group Centor.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(8) Revenues

in EUR k	**2016**	2015
By division		
Plastics & Devices	764,974	644,680
Primary Packaging Glass	610,486	638,232
	1,375,460	**1,282,912**

in EUR k	**2016**	Pro forma[1] 2015	Transition	2015
By region[2]				
Europe	458,384	466,874	-2,262	469,136
Germany	324,111	318,580		318,580
Americas	363,079	245,150		245,150
Emerging markets	203,850	219,915	335	219,580
Other regions	26,036	32,393	1,927	30,466
	1,375,460	**1,282,912**	**–**	**1,282,912**

[1] Retrospective adjustment in line with the modified definition of emerging markets applied by Quintiles IMS in the financial year 2016.
[2] The revenues shown here for Europe exclude revenues in Germany, Kazakhstan, Poland, Romania, Russia and Turkey, and the revenues shown for the Americas exclude revenues in Argentina, Brazil, Chile, Colombia and Mexico.

Quintiles IMS modified its definition of emerging markets in 2016. As before, 21 countries are classified as emerging markets. Romania has been added, while Egypt has been removed from the definition. We have adjusted our reporting in line with the modified definition and restated the prior-year figures for comparison purposes.

According to the current definition employed by the Quintiles IMS institute, emerging market revenues comprise revenues in Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Romania, Russia, Saudi Arabia, South Africa, Turkey and Vietnam.

Revenues include EUR 49,924k (prior year: EUR 57,491k) of customer-specific contract revenue. All other revenues result from sales of goods.

(9) Cost of Sales

Cost of sales comprises the cost of goods manufactured and sold as well as the purchase cost of merchandise sold. Cost of conversion includes direct costs such as direct material, labor and energy as well as indirect costs such as depreciation of production plant and repairs. In addition, cost of sales includes a total of EUR 80,971k (prior year: EUR 78,895k) of depreciation and amortization, of which amortization of fair value adjustments from purchase price allocation accounted for EUR 1,276k (prior year: EUR 1,630k).

(10) Selling and Administrative Expenses

Selling expenses comprise personnel and non-personnel expenses for the sales organizations and distribution (including freight and commissions). In addition, selling expenses include a total of EUR 36,735k (prior year: EUR 35,735k) of depreciation and amortization, of which amortization of fair value adjustments from purchase price allocation accounted for EUR 35,393k (prior year: EUR 34,429k). Amortization of fair value adjustments includes an impairment loss of EUR 277k of customer relationships in the Plastics & Devices Division. In the prior year, the amortization of fair value adjustments comprised impairment losses on brands amounting to EUR 15,682k for the brand Kimble/Kontes. This impairment loss is attributable to the sale of the tubing glass business and related lower revenues, which influence the valuation.

Administrative expenses comprise personnel and non-personnel expenses for administrative functions as well as depreciation and amortization amounting to EUR 5,793k (prior year: EUR 5,773k).

(11) Other Operating Income

Other operating income breaks down as follows:

in EUR k	**2016**	2015
Income from the reversal of provisions	**5,537**	5,688
Income from the derecognition of liabilities	**3,491**	1,478
Income from refund claims against third parties	**1,656**	2,448
Income from the disposal of fixed assets	**1,217**	533
One-off income	**993**	76,998
Income from sale of scrap	**728**	795
Exchange gains	**462**	619
Sundry other income	**3,461**	4,732
	17,545	**93,291**

The income from the reversal of provisions mainly results from provisions for guarantees, which have been accounted for in previous periods and are no longer needed.

Moreover, the position "income from refund claims against third parties" includes income from transaction service agreements from completed divestments as well as insurance claims. In the prior year, this position included insurance refunds in connection with damage to a furnace in 2014 at one of our locations in the USA amounting to EUR 1,350k.

Income from the disposal of fixed assets essentially comprises income from the disposal of land in the amount of EUR 896k at one of our locations in the USA.

In the prior year, a major component of the item "one-off income" was the book gain on the sale of the glass tubing business (EUR 72,808k). This was countered by EUR 4,952k in one-off expenses recognized in other operating expenses and a EUR 15,682k impairment loss on the Kimble/Kontes brand name recognized in amortization of fair value adjustments (functional selling expenses).

Exchange gains and losses from the translation of foreign currency operating receivables and payables and the net gain or loss from the remeasurement of derivate financial instruments used as hedges of operating foreign currency risks are netted and recognized in other operating income or other operating expenses. Exchange gains or losses from financing activities are netted and recognized in the finance expense.

(12) Amortization of Fair Value Adjustments

The amortization of fair value adjustments relates to the acquisitions of Gerresheimer Group GmbH in December 2004, Gerresheimer Vaerloese (formerly Dudek Plast Group) at the end of December 2005, the Gerresheimer Regensburg Group (formerly Wilden Group) in early January 2007, the pharmaceutical glass business of Comar Inc., US, in March 2007, Gerresheimer Zaragoza and Gerresheimer Plasticos Sao Paulo in January 2008, Vedat Tampas Hermeticas Ltda. (merged with Gerresheimer Plasticos Sao Paulo) in March 2011, Neutral Glass in April 2012, Triveni in December 2012 and Centor in September 2015.

(13) Restructuring Expenses

Gerresheimer recognizes expenses as restructuring expenses if they are incurred for a program planned and controlled by management that materially changes either the scope of a business undertaken by the Group or the manner in which that business is conducted. Due to their materiality to the Gerresheimer Group, restructuring expenses are reported separately from expenses relating to measures that do not meet the foregoing definition.

In the reporting period, restructuring expenses of EUR 2,258k mostly include expenses in connection with a restructuring measure to increase efficiency in the Plastics & Devices Division, as well as other portfolio adjustments, which can be seen in the context of process standardization and optimization of locations.

In the prior financial year, restructuring expenses of EUR 6,922k mostly included expenses for the closure of our moulded glass plant in Millville (New Jersey/USA), as well as further portfolio adjustments linked to process standardizations and optimization of locations.

(14) Other Operating Expenses

Other operating expenses break down as follows:

in EUR k	**2016**	2015
Research and development	3,163	1,847
One-off expenses	1,503	21,204
Loss from the fair value evaluation of the put option Triveni	1,399	–
Expenses from related parties (Supervisory Board)	1,110	1,163
Portfolio adjustments	1,028	8,960
Loss from the disposal of fixed assets	393	715
Sundry other expenses	2,619	1,607
	11,215	**35,496**

Significant components of other operating expenses represent one-off expenses and portfolio adjustments of EUR 2,531k (prior year: EUR 30,164k). The one-off expenses in the year under review mainly consist of one-off items for the restructuring measures and optimization of our business activities, which do not fall under the criteria of IAS 37 and therefore do not represent restructuring expenses. Moreover, this item includes expenses in connection with planned acquisition projects as well as amounts for a pending arbitration process.

With the acquisition of a 75% stake in Triveni Polymers Private Ltd., New Delhi (India) on December 20, 2012, Gerresheimer granted the right to tender the remaining 25% stake commencing April 1, 2016 to the non-controlling interests. This clause has been amended so that the non-controlling interests shall have a right to sell the remaining 25% annually between April 1 and April 30 of the respective year. As of the balance sheet date of the current financial year, the non-controlling interests have already agreed to waive the respective right in 2017. Due to the fair value evaluation of this put option as of the balance sheet date, which is based on the local EBITDA of the company Triveni Polymers Private Ltd., New Delhi (India), for its financial year ending March 31, 2018, other operating expenses amounting to EUR 1,399k (prior year: EUR 0k) were recognized.

In the prior year, one-off expenses of EUR 15,602k were incurred in connection with the Centor acquisition. These include, firstly, EUR 8,524k of exchange rate losses on remeasurement of the purchase price hedge for the Centor transaction, countered by EUR 4,037k of remeasurement gains recognized in prior year's other operating income. Secondly, they include EUR 7,078k of acquisition-related costs, mainly consisting of consulting costs for due diligence, negotiations and lawyers' fees. Moreover, consulting costs in connection with the disposal of the glass tubing business amounted to EUR 4,952k.

Exchange gains and losses from the translation of foreign currency operating receivables and payables and the net gain or loss from remeasurement of derivate financial instruments used as hedges of operating foreign currency risks are netted and recognized in other operating income or other operating expenses. Exchange gains or losses from financing activities are netted and recognized in the finance expense.

(15) Net Finance Expense

in EUR k	2016	Pro forma 2015	Transition	2015
Interest income	4,757	4,743	–	4,743
Interest expense	-34,035	-33,722	5,617	-39,339
Other finance expense	-4,248	-5,617	-5,617	–
Net finance expense	**-33,526**	**-34,596**	**–**	**-34,596**
Thereof reclassification from other comprehensive income for interest rate swaps used as hedging instruments	*–*	*-420*		*-420*
Thereof net interest expense on the defined benefit liability	*-3,580*	*-4,217*		*-4,217*
Thereof exchange losses from financing activities	*-4,248*	*-5,197*		*-5,197*

In order to ensure higher transparency of the net finance expense, we have adjusted our reporting and restated the prior-year figures for comparison purposes.

Interest expense comprises interest expenses on liabilities to banks, the bond issued, finance lease liabilities, as well as other financial liabilities and provisions. The item "other finance expense" mainly comprises exchange gains and exchange losses from financing activities as well as related gains and losses from hedging transactions.

In the financial year 2016, no interest expenses in connection with the interest rate swaps designated as a cash flow hedge have been reclassified from other comprehensive income (prior year: EUR -420k).

Interest in connection with the put options (EUR 6k; prior year: EUR 180k) are classified as "At fair value through profit and loss". All other income from financial assets is classified as "Loans and receivables", and all other expenses from financial liabilities are classified as "Liabilities carried at amortized cost".

Net finance expense of the prior year includes EUR 506k of impairment losses on bank commission for the loan paid back in June 2015 and EUR 2,475k for the bridging loan in connection with the Centor acquisition paid back at the year end. It also includes an expense of EUR 3,490k for the exchange rate hedge on the purchase price for the Centor transaction.

(16) Income Taxes

in EUR k	2016	2015
Current income taxes	-42,096	-70,499
Deferred income taxes	-361	27,158
	-42,457	**-43,341**

Deferred income taxes in connection with items which are recognized in the other comprehensive income resulted in an increase of equity by EUR 458k (prior year: reduction of equity EUR 2,018k), of which EUR 456k (prior year: EUR -1,858k) relates to income taxes in connection with the remeasurement of defined benefit obligation pension plans. In connection with deferred taxes, please also see the information provided in Note (24).

The differences between expected and effective tax expense in the Group reconcile as follows:

in EUR k	2016	2015
Net income before income taxes	146,943	147,353
Expected tax expense: 29% (prior year: 29%)	**-42,613**	**-42,732**
Differences:		
Tax loss carryforwards without deferred taxes	-1,741	-1,508
Different foreign tax rates	4,672	4,311
Non-deductible expenses	-3,179	-6,381
Tax-free income and tax benefits	1,427	1,792
Effects from sale of glass tubing business	–	3,015
Effects from changes in tax rates	-69	-128
Change in value allowance for deferred tax assets	-59	-1,822
Taxes from prior periods	-874	256
Other	-21	-144
Total differences	**156**	**-609**
Effective tax expense	**-42,457**	**-43,341**
Tax rate	**28.9%**	**29.4%**

The corporation tax rate in Germany remains unchanged compared to the prior year at 15.0% plus a 5.5% solidarity surcharge on corporation tax and trade tax of 13.0%. This results in a combined tax rate of approximately 29%.

The tax rates for subsidiaries whose registered offices are not in Germany vary between 14.1% and 38.0% (prior year: 13.6% and 38.0%). Some of the subsidiaries in China benefited from tax privileges in the year under review, with a resulting tax rate of 15.0%.

Effects from profit and loss transfer agreements

The taxable earnings of 14 German consolidated entities in the same income tax group are assigned to Gerresheimer AG as fiscal unity parent.

Deferred taxes on tax loss carryforwards

Deferred tax assets in the amount of EUR 37,107k (prior year: EUR 33,365k) were not recognized for tax loss carryforwards at foreign Group companies of Gerresheimer AG, as the tax loss carryforwards are not expected to be utilized in the next five years. In addition, deferred tax assets in the amount of EUR 27,892k were not recognized in 2016 for the purposes of corporation tax and in the amount of EUR 47,868k for the purposes of trade tax. These tax loss carryforwards originate from the time prior to the establishment of the tax group and are frozen for the duration of the tax group's existence.

Deferred tax assets of EUR 4,250k (prior year: EUR 5,176k) were recognized for tax loss carryforwards at foreign Group companies despite losses in the year under review and in the prior year, as the companies concerned expect to generate future taxable profits. There is sufficient reliability that the tax loss carryforwards can be realized.

Deferred tax liabilities in the amount of EUR 31,980k (prior year: EUR 34,549k) for taxable temporary differences from investments in fully consolidated subsidiaries were not recognized, as Gerresheimer AG is able to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

(17) Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

No new shares were issued in the financial years 2016 and 2015, such that the weighted average number of shares was 31,400,000 in both financial years.

The existing phantom stock program (see Note (30)) stipulates that when the exercise target is reached, Gerresheimer AG has the option of settling the amount to which beneficiaries are entitled either by issuing shares of Gerresheimer AG or by cash payment. As the Company plans to settle in cash, the program has no dilutive effect. Warrants or conversion rights do not exist. Diluted and basic earnings per share are therefore identical.

in EUR k	2016	2015
Net income from continuing operations	**104,486**	**104,012**
thereof: attributable to equity holders of the parent	102,291	100,816
thereof: attributable to non-controlling interests	2,195	3,196
Income from discontinued operations	**63,715**	**8,646**
thereof: attributable to equity holders of the parent	19,347	3,401
thereof: attributable to non-controlling interests	44,368	5,245
Net income	**168,201**	**112,658**
thereof: attributable to equity holders of the parent	121,638	104,217
thereof: attributable to non-controlling interests	46,563	8,441

in thousand	2016	2015
Average number of issued ordinary shares	31,400	31,400

in EUR	2016	2015
Earnings per share		
from continuing operations		
basic	3.26	3.21
diluted	3.26	3.21
from discontinued operations		
basic	0.61	0.11
diluted	0.61	0.11
from continuing and discontinued operations		
basic	3.87	3.32
diluted	3.87	3.32

OTHER INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

(18) Personnel Expenses

Personnel expenses decreased by EUR 5,848k to EUR 391,000k compared to the prior year.

The Gerresheimer Group had an average of 10,508 employees in the financial year 2016 (prior year: 10,944), comprising 2,346 white-collar employees (prior year: 2,395), 7,921 blue-collar employees (prior year: 8,305) and 241 trainees (prior year: 244). At the sale transaction date, the Life Science Research Division employed roughly 740 employees.

NOTES TO THE BALANCE SHEET

(19) Intangible Assets

Intangible assets break down as follows:

in EUR k	Goodwill	Customer relationship, brand names, technologies and similar assets	Development costs	Other	**Intangible assets**
As of November 30, 2016					
Prior-year carrying amount	700,352	542,503	2,524	6,005	1,251,384
Currency translation	-2,587	-4,199	-3	-13	-6,802
Additions	–	–	1,144	2,876	4,020
Disposals	–	–	1	1	2
Reclassifications	–	–	-49	–	-49
Amortization	–	37,859	367	2,439	40,665
Impairment losses	–	277	–	–	277
Change in non-current assets held for sale and discontinued operations	-10,015	-3,099	–	-593	-13,707
Carrying amount	**687,750**	**497,069**	**3,248**	**5,835**	**1,193,902**
Cost	691,575	703,638	12,692	29,612	1,437,517
Accumulated amortization and impairments	3,825	206,569	9,444	23,777	243,615
Carrying amount	**687,750**	**497,069**	**3,248**	**5,835**	**1,193,902**
As of November 30, 2015					
Prior-year carrying amount	454,972	94,065	3,012	5,548	557,597
Change in the consolidated group	274,940[1]	455,105	–	–	730,045
Currency translation	9,522	31,308	–	123	40,953
Additions	–	–	893	3,236	4,129
Disposals	39,082	–	148	72	39,302
Reclassifications	–	–	23	107	130
Amortization	–	22,293	1,256	2,937	26,486
Impairment losses	–	15,682	–	–	15,682
Carrying amount	**700,352**	**542,503**	**2,524**	**6,005**	**1,251,384**
Cost	704,576	728,971	13,118	28,587	1,475,252
Accumulated amortization and impairments	4,224	186,468	10,594	22,582	223,868
Carrying amount	**700,352**	**542,503**	**2,524**	**6,005**	**1,251,384**

[1] Retrospective adjustment due to the application of the one-year period after the acquisition of Centor on September 1, 2015. For further information we refer to Note (2).

Amortization of the customer relationship, brand names, technologies and similar assets as a result of fair value adjustments in connection with acquisitions is presented separately in Note (12) as amortization of fair value adjustments. Most amortization is contained in selling expenses. Significant intangible assets result from business combinations. While brand names – with the exception of brand names at two companies – have indefinite useful lives, the remaining identifiable assets will be fully amortized by 2035 at maximum.

In the current financial year, an impairment loss of EUR 277k on customer relationships is included in the Plastics & Devices Division. In the prior year, an amount of EUR 15,682k impairment loss on brand names in relation to the brand Kimble/Kontes is included in the position amortization of fair value adjustments.

Goodwill is assigned to the five (prior year: six) cash-generating units as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Plastics & Devices		
Plastic Packaging	93,427	89,864
Medical Systems	115,468	115,468
Centor	290,957	292,492[1)]
Primary Packaging Glass		
Converting	61,578	66,193
Moulded Glass	126,320	126,320
Life Science Research	–	10,015
	687,750	**700,352**

[1)] Retrospective adjustment due to the application of the one-year period after the acquisition of Centor on September 1, 2015. For further information we refer to Note (2).

Goodwill is not amortized. It is tested for impairment at least once annually.

After the disposal of the Life Science Research Division, the impairment test on goodwill was carried out in all five (prior year: six) cash-generating units Plastic Packaging, Medical Systems, Centor, Converting and Moulded Glass in accordance with the budget prepared on the basis of historical performance and current market expectations and adopted by the Management Board for the years 2017 to 2021 (prior year: 2016 to 2020).

The growth rate used to extrapolate for subsequent years was 1.0%. This does not exceed the assumed average growth rate for the market or industry. The recoverable amount was determined on the basis of value in use, using cash flow projections budgeted for the years 2017 to 2021. Future cash flows were discounted using the weighted average cost of capital (WACC). The cost of equity capital was measured using the beta factor of a peer group. Borrowing costs were determined from an analysis of the loan and credit facilities in use. A sensitivity analysis was performed to show the effects of a potential increase or decrease in the weighted average cost of capital (WACC) in terms of any goodwill impairment. The weighted average cost of capital before tax was determined iteratively from the weighted average cost of capital after tax and breaks down as follows for the five (prior year: six) cash-generating units:

in %	2016	2015
Plastics & Devices		
Plastic Packaging	6.1	6.5
Medical Systems	6.3	6.6
Centor	5.5	6.3
Primary Packaging Glass		
Converting	6.3	6.6
Moulded Glass	6.3	6.7
Life Science Research	–	6.7

As in the prior year, goodwill impairment testing did not indicate any impairment. The change in book values of each of the cash-generating units results – next to the disposal of the Life Science Research Division – merely from currency effects.

For each of the five cash-generating units, management is of the opinion that no reasonably possible change in the key assumptions used to determine the value in use would cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

Brand names as of November 30, 2016 were allocated among the divisions as follows:

Plastics & Devices EUR 26,276k (prior year: EUR 26,400k), Primary Packaging Glass EUR 0k (prior year: EUR 130k) and Life Science Research EUR 0k (prior year: EUR 1,418k).

Brand names – with the exception of two companies – have an indefinite useful life and were not amortized. They are tested for impairment at least once annually. In the current financial year, there was no reason for impairment (prior year: impairment loss of EUR 15,682k in the Primary Packaging Glass Division).

EUR 3,163k (prior year: EUR 1,847k) was spent on research and development in the financial year. The Group has recognized development costs in the amount of EUR 1,144k in 2016 (prior year: EUR 893k).

The position 'Other' mainly includes standard software applications and prepayments on intangible assets.

(20) Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property break down as follows:

in EUR k	Land, land rights and buildings (used for operating purposes)	Plant and machinery	Other equipment and machinery	Payments on account and assets under construction	**Property, plant and equipment**	**Investment property**
As of November 30, 2016						
Prior-year carrying amount	178,326	339,780	24,558	61,941	604,605	5,791
Currency translation	-684	-4,011	-309	-1,445	-6,449	–
Additions	12,093	31,355	6,793	58,501	108,742	–
Disposals	338	481	75	221	1,116	59
Reclassifications	4,051	38,746	4,938	-47,687	49	–
Depreciation	9,125	68,104	7,811	–	85,040	–
Impairment losses	85	1,028	–	93	1,206	–
Write-up	–	129	–	–	129	–
Change in non-current assets held for sale and discontinued operations	-4,213	-3,484	-614	-1,234	-9,545	–
Carrying amount	**180,025**	**332,902**	**27,480**	**69,762**	**610,169**	**5,732**
Cost	249,875	749,687	80,688	69,855	1,150,105	6,714
Accumulated depreciation and impairments	69,850	416,785	53,208	93	539,936	982
Carrying amount	**180,025**	**332,902**	**27,480**	**69,762**	**610,169**	**5,732**
As of November 30, 2015						
Prior-year carrying amount	167,368	288,692	24,364	98,720	579,144	3,861
Change in the consolidated group	5,721	31,057	–	2,661	39,439	–
Currency translation	4,418	11,696	248	4,704	21,066	–
Additions	5,746	61,525	5,455	46,430	119,156	–
Disposals	3,730	56,032	142	3,912	63,816	–
Reclassifications	8,374	74,646	1,583	-86,662	-2,059	1,930
Depreciation	8,431	66,686	6,947	–	82,064	–
Impairment losses	1,140	5,118	3	–	6,261	–
Carrying amount	**178,326**	**339,780**	**24,558**	**61,941**	**604,605**	**5,791**
Cost	253,641	744,953	70,005	61,941	1,130,540	6,774
Accumulated depreciation and impairments	75,315	405,173	45,447	–	525,935	983
Carrying amount	**178,326**	**339,780**	**24,558**	**61,941**	**604,605**	**5,791**

Property, plant and equipment include leased assets in the amount of EUR 7,245k (prior year: EUR 5,684k). As of the end of the reporting period, these comprised finance leases for production, warehouse and office land and buildings in the amount of EUR 7,002k (prior year: EUR 4,692k), finance leases for plant and machinery in the amount of EUR 26k (prior year: EUR 738k) and finance leases for other property, plant and equipment in the amount of EUR 217k (prior year: EUR 254k).

In the financial year 2016, no land and buildings were pledged as senior collateral (prior year: carrying amount of EUR 341k) for loans (prior year: one loan). As in the prior year, this does not affect any investment property.

The land not used for operating purposes and classified as investment property in accordance with IAS 40 is leasehold land with a carrying amount of EUR 2,062k (prior year: EUR 2,117k) and a fair value of EUR 4,080k (prior year: EUR 4,300k) and non-operating land. The fair value of leasehold land is determined from various data sources such as from past sales, officially published indicative land values and independent appraisals. The fair values of other non-operating land are the same as the carrying amounts.

Rental income from properties amount to EUR 44k in the financial year 2016 (prior year: EUR 44k). Expenses of EUR 51k were incurred (prior year: EUR 48k).

As in the prior financial year, the impairment losses reported in the financial year are mainly due to the mentioned portfolio adjustments. Of the impairment losses, 91.6% (prior year: 51.9%) relate to the Plastics & Devices Division and 8.4% (prior year: 48.1%) to the Primary Packaging Glass Division.

(21) Investments Accounted for Using the Equity Method

The table below shows summary aggregated financial information on individually immaterial companies that are accounted for using the equity method, relating to the shares attributable to Gerresheimer AG. The companies included here are: Gerresheimer Tooling LLC, Peachtree City (Georgia/USA) and PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic):

in EUR k	**Nov. 30, 2016**	Nov. 30, 2015
Assets	1,672	1,204
Equity	867	783
Liabilities	804	422
Revenues	2,988	2,974
Profit or loss	334	475

Changes in equity-accounted investments are shown in the table below:

in EUR k	Investments accounted for using the equity method
As of November 30, 2016	
Prior-year carrying amount	237
Distributions	–
Currency translation	-1
Share of profit or loss of associated companies	26
Carrying amount	**262**
As of November 30, 2015	
Prior-year carrying amount	86
Distributions	–
Currency translation	55
Share of profit or loss of associated companies	96
Carrying amount	**237**

(22) Financial Assets

Financial assets break down as follows:

	Nov. 30, 2016			Nov. 30, 2015		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Fair value of derivative financial instruments	77	*77*	–	117	*117*	–
Investments	235	–	*235*	236	–	*236*
Refund claims for pension benefits	3,886	*260*	*3,626*	4,029	*260*	*3,769*
Refund claims from third parties	7,547	*7,547*	–	9,512	*9,512*	–
Other loans	1,383	*37*	*1,346*	1,344	*225*	*1,119*
Sundry other financial assets	2,689	*2,634*	*55*	889	*768*	*121*
Other financial assets	**15,817**	***10,555***	***5,262***	**16,127**	***10,882***	***5,245***
Trade receivables	232,051	*232,051*	–	219,014	*219,014*	–
Cash and cash equivalents	118,391	*118,391*	–	93,668	*93,668*	–
Financial assets	**366,259**	***360,997***	***5,262***	**328,809**	***323,564***	***5,245***

Sundry other financial assets include solely securities used to secure accrued phased retirement credit balances.

At the balance sheet date of the financial year 2016, as well as in the prior year, other financial assets that are neither past due nor impaired are recoverable in full, and none of the unimpaired financial assets were overdue.

In the financial year, and in the prior year, no impairment losses were recognized on investments. As in the prior year, no impairment losses on loans to equity-accounted investments exist.

The carrying amount of financial assets in the consolidated financial statements generally represents the maximum exposure to credit risk for the Group as a whole. Approximately 26% of trade receivables were covered by credit insurance in the financial year 2016 (prior year: approximately 34%).

The above-mentioned trade receivables include EUR 20,786k (prior year: EUR 18,884k) in gross amounts due from customers for contract work.

For further details on the fair values of derivative financial instruments, please see the information provided in Note (35).

(23) Other Receivables

Other receivables break down as follows:

	Nov. 30, 2016			Nov. 30, 2015		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Other tax receivables	9,848	*8,790*	*1,058*	14,912	*12,689*	*2,223*
Prepaid expenses	4,846	*4,728*	*118*	6,487	*3,646*	*2,841*
Sundry other assets	5,944	*5,639*	*305*	7,771	*7,568*	*203*
Other receivables	**20,638**	***19,157***	***1,481***	**29,170**	***23,903***	***5,267***

The prepaid expenses mainly consist of accrued payments made prior to the reporting date for maintenance, tax, personnel and insurance expenses in the next financial year.

(24) Deferred Tax Assets and Liabilities

Deferred tax assets break down as follows:

	Nov. 30, 2016		Nov. 30, 2015	
in EUR k	**Realization expected within 12 months**	**Realization expected after 12 months**	Realization expected within 12 months	Realization expected after 12 months
Tax benefits				
Tax loss carryforwards	646	8,602	624	6,271
Tax credits	–	–	–	1,296
	646	**8,602**	**624**	**7,567**
Temporary differences				
Fixed assets and inventories	1,641	1,946	2,270	1,573
Receivables and other assets	136	3	129	64
Provisions for pensions	799	28,902	2,763	28,080
Other provisions	9,342	5,104	9,197	5,024
Payables and other liabilities	1,987	1,419	1,390	1,120
Cash flow hedge	–	17	–	15
	13,905	**37,391**	**15,749**	**35,876**
	14,551	**45,993**	**16,373**	**43,443**
Offset	-46,974		-51,731	
Recognized as non-current in the balance sheet	**13,570**		**8,085**	

Deferred tax liabilities break down as follows:

in EUR k	Nov. 30, 2016 Realization expected within 12 months	Nov. 30, 2016 Realization expected after 12 months	Nov. 30, 2015 Realization expected within 12 months	Nov. 30, 2015 Realization expected after 12 months
Temporary differences				
Fixed assets	6,404	191,151	13,353[1]	177,373[1]
Inventories	3,011	196	2,631	44
Receivables and other assets	1,242	753	1,541	1,882
Other provisions and liabilities	618	1,232	728	1,645
	11,275	**193,332**	**18,253**	**180,944**
Offset	-46,974		-51,731	
Recognized as non-current in the balance sheet	**157,633**		**147,466[1]**	

[1] Retrospective adjustment due to the application of the one-year period after the acquisition of Centor on September 1, 2015. For further information we refer to Note (2).

Deferred tax assets and liabilities are offset by company or tax group if, and only if, the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

(25) Inventories

Inventories break down as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Raw materials, consumables and supplies	49,968	50,776
Work in progress	18,429	24,231
Finished goods and merchandise	83,983	105,206
Prepayments made	3,053	6,179
Inventories	**155,433**	**186,392**

Write-downs of inventories totaling EUR 7,955k (prior year: EUR 7,423k) were recognized as an expense in the financial year. When the circumstances that caused a write-down no longer exist, the write-down is reversed. Reversals of write-downs amounted to EUR 712k (prior year: EUR 544k) in the financial year. These are mainly attributable to the use of previously blocked stock and therefore primarily impaired inventories.

As in the prior year, no inventories were pledged as security for liabilities as of November 30, 2016.

(26) Trade Receivables

Trade receivables break down as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Trade receivables	234,206	222,059
Less bad debt allowances	2,155	3,045
Net trade receivables	**232,051**	**219,014**

The above-mentioned trade receivables include the following amounts due from customers from construction contracts:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Costs incurred and recognized profits	97,108	167,844
Less progress billings	76,878	148,960
Net amount due from customers for contract work	**20,230**	**18,884**
Thereof: amounts due from customers for contract work	*20,786*	*18,884*
Thereof: amounts due to customers for contract work	*556*	*–*

Bad debt allowances are recognized for doubtful receivables. Factors considered in determining the appropriateness of the bad debt allowances recognized for doubtful receivables comprise the age structure of receivables, past experience with regard to the derecognition of receivables, customer credit ratings and changes in payment terms.

As of the balance sheet date, the age structure of unimpaired trade receivables breaks down as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Carrying amount	232,051	219,014
General bad debt allowances	1,093	1,625
Specific bad debt allowances	1,062	1,420
Gross carrying amount of receivables for which specific bad debt allowances were recognized	1,069	1,457
Trade receivables not impaired	**233,137**	**220,602**
Thereof at the balance sheet date		
not past due	*219,340*	*204,163*
past due by up to 30 days	*9,063*	*11,909*
past due by 31 to 60 days	*1,877*	*1,899*
past due by 61 to 90 days	*539*	*513*
past due by 91 to 120 days	*1,002*	*680*
past due by more than 120 days	*1,316*	*1,438*
	233,137	**220,602**

The gross carrying amount of trade receivables individually determined to be impaired is EUR 1,069k (prior year: EUR 1,457k). The corresponding bad debt allowance is EUR 1,062k (prior year: EUR 1,420k). The net carrying amount of trade receivables individually determined to be impaired is therefore EUR 7k (prior year: EUR 37k).

Bad debt allowances developed as follows:

in EUR k	2016	2015
As of December 1	3,045	3,005
Disposal of Life Science Research Division	-579	–
Disposal of glass tubing business	–	-563
Allowances recognized in profit or loss	698	1,263
Utilized	-846	-401
Reversed	-199	-281
Currency translation	36	22
As of November 30	**2,155**	**3,045**

(27) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits not subject to risk of changes in value.

(28) Equity and Non-controlling Interests

On June 11, 2007, Gerresheimer AG was listed on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange. Gerresheimer AG shares have the stock symbol GXI and ISIN DE000A0LD6E6. A total of 22,804 thousand shares were issued. These comprised 11,400 thousand shares from a rights issue, 10,600 thousand from the departing shareholder, BCP Murano, and a further 804 thousand shares provided by BCP Murano to syndicate banks for a greenshoe option. At the issue price of EUR 40.00 per share, the issue thus came to some EUR 912,166k (including greenshoe). Gerresheimer has been included in the MDAX since December 22, 2008.

As of November 30, 2016, subscribed capital remains unchanged at EUR 31,400k, and the capital reserve amounts to EUR 513,827k. The capital reserve contains share premiums from the IPO in the year 2007 and cash contributions from shareholders from the years 2004 and 2007.

The number of shares outstanding at the balance sheet date is 31,400,000 each with a nominal value of EUR 1.00. In the financial year under review, a dividend of EUR 26,690k was paid out for the financial year 2015. This corresponds to a dividend of EUR 0.85 per no-par-value share.

Proposal for appropriation of retained earnings

The Management Board and the Supervisory Board will propose to the Annual General Meeting on April 26, 2017 to distribute a dividend of EUR 1.05 per share for the financial year 2016 (prior year: EUR 0.85 per share). This corresponds to a dividend payment of EUR 32,970k, which is an increase of 23.5% compared to the prior-year dividend payment. The dividend ratio amounts to 24.9% of adjusted net income after non-controlling interests. The distribution is in line with our dividend policy of distributing between 20% and 30% of adjusted net income after non-controlling interests to shareholders, according to our operating performance. Furthermore, it will be proposed that the residual retained earnings of the Company of EUR 93,301k should be carried forward onto new account.

in EUR	2016	2015
Retained earnings before dividend payment	126,271,169.85	91,510,337.22
Dividend payment	32,970,000.00	26,690,000.00
Carryforward to new account	**93,301,169.85**	**64,820,337.22**

The **non-controlling interests** are shown below:

in %	Non-controlling interests
Entity	
Kimble Chase Holding LLC, Vineland, NJ (USA)	49.0
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	40.0
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	40.0
Triveni Polymers Private Ltd., New Delhi (India)	25.0
Gerresheimer Zaragoza S.A., Epila (Spain)	0.1
Gerresheimer Valencia S.L.U., Masalaves (Spain)	0.1
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	0.1

(29) Provisions for Pensions and Similar Obligations

While the Gerresheimer Group has pension plans in various countries, pension plans in Germany and pension and health plans (health insurance for retired employees) in the USA account for 96.5% of the Gerresheimer Group's total provisions for pensions and similar obligations.

Subject to individual exceptions, no new employees are accepted into the German defined benefit plans. The German plans are in the process of being wound down, with their pension obligations decreasing over time. Pension plans are generally based on an employee's length of service, pay and position. Pension entitlements are thus acquired for each year of service according to salary. The maximum attainable pension entitlement at an annual eligible income exceeding EUR 79,428 and after 45 years service is EUR 1,179.90 per month. Pension awards for active members of the Management Board are generally handled through a pension fund or provident fund. The pension obligations are funded by annual contribution payments to the provident fund. If the fund assets are insufficient when the pension starts, supplementary contributions are called in. Further details on the Management Board pension plans are provided in the Remuneration Report section of the Management Report.

The US defined benefit plans have been closed and the benefits vested. These plans are funded by investments (plan assets). The plans are financed from annual contribution payments. Plan assets must cover at least 80% of pension obligations. If this coverage is not attained, supplementary contributions are called in from the Company. To limit exposure to capital market and demographic risk, all new US pension plans are defined contribution plans.

Retired employees domiciled in the USA also receive subsidized healthcare. Under these plans, retirees are refunded a certain percentage of eligible healthcare expenditure. The healthcare plans in the USA have been closed and the benefits vested. This has limited the risk of continuously increasing refund claims for the Gerresheimer Group. Changes in the legal framework can cause changes to pension and health plans.

Provisions for pensions developed as follows:

in EUR k	2016	2015
As of December 1	177,502	183,659
Utilization	-12,695	-12,809
Additions	7,869	6,274
Change in consolidated group	-631	-2,790
Impact of revaluation	1,534	-4,141
Currency translation	-341	7,372
Changes in plan surplus recognized in other assets	-27	-63
As of November 30	**173,211**	**177,502**
Thereof current	*13,621*	*19,292*

Group provisions of EUR 133,969k (prior year: EUR 134,221k) were recognized in connection with various pension plans and individual agreements entered into by German Group companies; an amount of EUR 39,242k (prior year: EUR 43,281k) primarily relates to US Group entities. The provision also includes the obligations of US Group companies to assume the medical expenses of retired employees. Plan assets in the amount of EUR 11k (prior year: EUR 38k) in relation to these pension provisions are recognized.

The benefits are mainly financed through the systematic accumulation of pension provisions at the entities concerned. External funds that meet the definition of plan assets exist both domestically and internationally.

The following assumptions were made when determining the pension provision and plan assets:

	Domestic		International	
in %	Nov. 30, 2016	Nov. 30, 2015	Nov. 30, 2016	Nov. 30, 2015
Discount rate	1.43[1)]	1.74[1)]	0.80 – 7.30	0.90 – 7.85
Increase in salaries	3.25	3.25	0.50 – 5.00	1.00 – 8.00
Increase in pensions	1.00	1.00	–	–
Increase in medical costs	–	–	5.00 – 6.33	5.00 – 6.67

[1)] Weighted data. The underlying scope is 1.25% to 1.60% (prior year: 1.50% to 2.00%).

The discount rate is based on the yield on first-rank fixed-income corporate bonds. The Prof. Dr. Heubeck RT 2005 G mortality tables were used as the reference basis with regard to mortality for the determination of domestic pension obligations. For foreign Group companies, current country-specific mortality assumptions were used. The projected income trends reflect expected rates of increase in salaries and income.

The present value of the defined benefit obligation breaks down as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Present value of the defined benefit obligation as of December 1	239,717	237,042
Current service cost	2,940	2,600
Interest expense	5,021	5,989
Employee contributions	648	657
Benefit payments	-21,266	-13,475
Actuarial gains/losses	1,619	-4,017
Financial assumptions	*9,775*	*5,446*
Demographic assumptions	*-3,385*	*-3,227*
Experience	*-4,771*	*-6,236*
Past service cost	1,095	335
Change in consolidated group	-1,004	-2,790
Administration costs	527	368
Settlement	-1,121	-1,266
Currency translation and other changes	-620	14,274
Present value of the defined benefit obligation	**227,556**	**239,717**

Changes in plan assets are as follows:

in EUR k	Nov. 30, 2016	Nov. 30, 2015
Fair value of plan assets as of December 1	62,253	53,484
Interest income on plan assets	1,441	1,752
Actual return on plan assets, excluding interest income on plan assets	85	124
Employee contributions	648	657
Employer contributions	1,505	1,487
Benefit payments	-10,076	-2,153
Change in consolidated group	-373	–
Settlement	-848	–
Other changes (primarily currency translation)	-279	6,902
Fair value of plan assets	**54,356**	**62,253**

The composition of the plan assets used to cover the defined benefit obligation breaks down as follows as of the balance sheet date:

	Domestic		International	
in EUR k	Nov. 30, 2016	Nov. 30, 2015	Nov. 30, 2016	Nov. 30, 2015
Plan assets with quoted market price	*5,288*	*4,794*	*27,655*	*34,487*
Shares (held directly)	940	2,266	13,286	23,850
Fixed-interest securities	4,312	2,507	9,648	10,595
Liquidity	36	21	2,027	42
Insurance contracts	–	–	91	–
Other	–	–	2,603	–
Plan assets with non-quoted market price	*5,448*	*3,969*	*15,965*	*19,003*
Insurance contracts	5,366	3,969	15,965	19,003
Other	82	–	–	–
Plan assets	**10,736**	**8,763**	**43,620**	**53,490**

The expected contributions to plan assets in the next financial year are estimated at EUR 1,575k. The benefits are funded from contributions as a percentage of the defined benefit. Contributions are mainly paid by the employer.

The main pension funds relate to the pension plans in the USA and Switzerland. Their investment policy, besides complying with regulatory requirements, is geared to the risk structure within the defined benefit obligation.

A risk-adjusted strategic target portfolio has been developed on this basis and in line with capital market trends. In the USA, 65% to 70% is invested in shares, 30% to 35% in fixed-interest securities and 0% to 5% in liquid assets. Funding is entirely by the employer. Additional contributions to the pension fund are required whenever the fair value of plan assets falls below 80% of the defined benefit obligation.

In Switzerland, a full insurance policy has been taken out to cover the insurance and investment risk. Contributions to financing of the pension fund in this instance are made in equal amounts by the employees and the employer. Based on the fund's investment policy, Gerresheimer expects a return on capital ensuring long-term fulfillment of obligations to be generated.

Pension expenses included in the income statement are calculated as follows:

in EUR k	2016	2015
Current service cost	*2,940*	*2,600*
Past service cost	*1,095*	*335*
Service cost	**4,035**	**2,935**
Interest expense	*5,021*	*5,989*
Return on plan assets	*-1,441*	*-1,752*
Net interest expense	**3,580**	**4,237[1)]**
Administration costs	527	368
Effect of settlement	-273	-1,266
	7,869	**6,274**
Thereof: expense for pension benefits for which there are reimbursement rights	*79*	*79*

[1)] Thereof, EUR 20k are reported as part of net income from discontinued operations.

With the exception of net interest, all expenses and income are recognized on a net basis in personnel expenses, which is included in functional cost. Net interest expense is shown in the financial result.

For one pension obligation in Germany, there is a contractual claim to refund of pension payments against a third party. This refund claim does not conform to the definition of plan assets and therefore cannot be accounted for net of the pension obligations. The refund claim for pension benefits is included in other financial assets. Please see Note (22).

The Gerresheimer Group expects benefit payments in future years as follows:

in EUR k	2017	2018	2019	2020
Expected benefit payments	13,621	13,638	13,143	13,175

The weighted average duration of the defined benefit obligation is between 12.9 years in Germany and between 4.7 and 17.4 years internationally.

The main actuarial assumptions used in the determination of defined benefit obligations are the discount rate and the expected salary trend. The pension provision also includes the partial obligations of US Group companies to assume the medical costs of retired employees. The obligation was determined assuming a cost inflation rate of 6.3% falling incrementally to 5.0% by 2021. The sensitivity analyses in the following show how the amount of the defined benefit obligation would have been affected by possible changes in the relevant assumptions. The calculations assume otherwise unchanged assumptions:

	Effect on present value of defined benefit obligation	
in EUR k	**2016**	2015
Increase in discount rate by 0.5 percentage points	-13,661	-13,633
Decrease in discount rate by 0.5 percentage points	15,023	14,997
Increase in salaries by 0.25 percentage points	633	569
Decrease in salaries by 0.25 percentage points	-608	-552
Increase in medical costs by 1.0 percentage point	2,096	3,367
Decrease in medical costs by 1.0 percentage point	-1,939	-3,240

Various interdependencies exist between the above actuarial assumptions. The sensitivity analyses do not take such interdependencies into account.

Contributions of EUR 1,520k (prior year: EUR 1,720k) were paid into defined contribution plans in the financial year, mainly at US Group companies. EUR 12,746k (prior year: EUR 12,531k) in statutory pension insurance contributions were paid in Germany.

(30) Gerresheimer Stock Appreciation Rights (Phantom Stocks)

The Company has agreed long-term share-price-based variable remuneration with all members of the Management Board. Under the agreements, members are granted a specific number of stock appreciation rights (phantom stocks), according to the share price, for each year of service on the Management Board. Each stock appreciation right entitles the holder to a payment based on the change in the share price, subject to a performance threshold: At the exercise date, the Company's share price must exceed the initial price for the relevant tranche by at least 12% or have increased by a larger percentage than the MDAX. For stock appreciation rights relating to 2016, the initial price is the EUR 68.87 issue price.

The performance threshold is relevant to vesting but not to determination of the payment amount. Stock appreciation rights can be exercised during a 16-month exercise period following a four-year waiting period. The payment amount is equal to the absolute increase in the share price between the issue date of the stock appreciation rights and the exercise date. However, the payment amount is capped at 25% of the initial price of all stock appreciation rights in the same tranche. All unexercised stock appreciation rights expire on departure of the holder, except in the event of death or permanent incapacity, or if the holder has not been a member of the Management Board for at least one year of the term of each tranche. All entitlements to future stock appreciation rights likewise expire on departure. The Company reserves the right to settle stock appreciation rights with shares; however, cash settlement is planned.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members or appointing new Management Board members, a new agreement applies under which each Management Board member receives a value-based allocation. Members of the Management Board are thus no longer allocated a specific number of stock appreciation rights but are awarded an entitlement (in a specific amount) to a payment in the event that the exercise and payment conditions are met. After a vesting period of five years, a Management Board member is entitled, within an ensuing period of 24 months, to demand payment in the amount of the appreciation in the stock market price of Gerresheimer stock between the issue date and the exercise (maturity) date.

Payment is conditional on the percentage appreciation being at least 20% or being greater than the percentage increase in the MDAX over the maturity period and on at least one full year's membership of the Management Board within the maturity period. The target-based remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary.

The fair value of the phantom stocks is determined using a recognized (binomial) option pricing model. The volatility of the target value is assumed as 26% p.a. (prior year: 30% p.a.) and the employee turnover rate as 3% p.a. (prior year: 3% p.a.). The yield on German government bonds of matching maturities was used as the risk-free interest rate. Additionally, the following assumptions were made for the fair value valuation:

Members of the Management Board	Tranche 7 (2013)	Tranche 8 (2014)	Tranche 9 (2015)	Tranche 9 new (2015)	Tranche 10 (2016)	Tranche 10 new (2016)
Grant date	February 9, 2010/ June 24, 2011/ October 23, 2012	February 9, 2010/ June 24, 2011/ October 23, 2012	June 24, 2011/ October 23, 2012	May 22, 2014	June 24, 2011	May 22, 2014/ February 9, 2015
Term of tranche	October 31, 2018	October 31, 2019	October 31, 2020	June 16, 2022	October 31, 2021	June 10, 2023
End of the vesting period	June 13, 2017	June 13, 2018	June 16, 2019	June 16, 2020	June 10, 2020	June 10, 2021
Issue price (in EUR)	45.28	48.82	51.89	51.89	68.87	68.87
Target price (in EUR)	50.71	54.68	58.12	62.27	77.13	82.64
Number of stock appreciation rights issued	185,000	185,000	105,000	Entitlement	50,000	Entitlement
Exercise threshold (in %)	12	12	12	20	12	20
Fair value (in EUR k)	1,895	1,583	779	616	282	827
Maximum pay-out amount (in EUR k)	2,094	2,258	1,362	616	861	1,120

Based on the above assumptions, the fair value of the 2017 to 2021 tranches (tranches 11 to 15) is EUR 2,986k as of the balance sheet date.

The phantom stocks developed as follows:

Management and members of the Management Board	Tranche 6 (2012)	Tranche 7 (2013)	Tranche 8 (2014)	Tranche 9 (2015)	Tranche 10 (2016)
As of November 30, 2011	**–**	**–**	**–**	**–**	**–**
Allocated	510,500	–	–	–	–
Exercised	–	–	–	–	–
Expired during the period	70,000	–	–	–	–
As of November 30, 2012	**440,500**	**–**	**–**	**–**	**–**
Allocated	–	436,400	–	–	–
Exercised	266,000	50,000	–	–	–
Expired during the period	8,000	18,900	–	–	–
As of November 30, 2013	**166,500**	**367,500**	**–**	**–**	**–**
Allocated	–	–	185,000	–	–
Exercised	6,500	157,400	–	–	–
Expired during the period	10,000	9,100	–	–	–
As of November 30, 2014	**150,000**	**201,000**	**185,000**	**–**	**–**
Allocated	–	–	–	105,000	–
Exercised	–	7,600	–	–	–
Expired during the period	–	8,400	–	–	–
As of November 30, 2015	**150,000**	**185,000**	**185,000**	**105,000**	**–**
Allocated	–	–	–	–	50,000
Exercised	150,000	–	–	–	–
Expired during the period	–	–	–	–	–
As of November 30, 2016	**–**	**185,000**	**185,000**	**105,000**	**50,000**

In the reporting year 2016, an amount of EUR 1,294k was paid for tranche 6.

The provision for the phantom stock program amounted to EUR 4,609k as of the balance sheet date (prior year: EUR 4,339k). The expenses amounted to EUR 1,564k for the financial year 2016 (prior year: EUR 3,461k).

(31) Other Provisions

Other provisions developed as follows:

in EUR k	As of Dec. 1, 2015	Reclassifications	Utilization	Reversal	Additions	Change in non-current assets held for sale and discontinued operations	Currency translation	**As of Nov. 30, 2016**	*Thereof current*	*Thereof non-current*
Tax provisions	4,757	–	4,069	–	950	-119	-28	**1,491**	*1,491*	*–*
Personnel obligations	21,335	-1,553	6,362	466	9,357	-942	-175	**21,194**	*13,775*	*7,419*
Warranties	17,105	370	2,921	4,576	11,076	-742	-325	**19,987**	*19,987*	*–*
Sales bonuses, rebates and discounts	8,769	69	4,113	70	1,652	-2,454	-78	**3,775**	*3,775*	*–*
Sundry other provisions	19,433	-82	10,614	1,159	10,437	-2,780	-308	**14,927**	*14,418*	*509*
	71,399	**-1,196**	**28,079**	**6,271**	**33,472**	**-7,037**	**-914**	**61,374**	***53,446***	***7,928***

in EUR k	As of Dec. 1, 2014	Changes in the consolidated group	Reclassifications	Utilization	Reversal	Additions	Currency translation	As of Nov. 30, 2015	*Thereof current*	*Thereof non-current*
Tax provisions	550	75	5,723	3,304	117	1,737	93	4,757	*4,757*	*–*
Personnel obligations	19,445	158	-257	7,606	181	8,434	1,342	21,335	*14,509*	*6,826*
Warranties	20,361	–	-238	8,605	5,029	10,017	599	17,105	*17,105*	*–*
Sales bonuses, rebates and discounts	6,467	–	-256	815	–	2,667	706	8,769	*8,769*	*–*
Sundry other provisions	15,075	1,427	-3	6,491	983	9,421	987	19,433	*19,433*	*–*
	61,898	**1,660**	**4,969**	**26,821**	**6,310**	**32,276**	**3,727**	**71,399**	***64,573***	***6,826***

Provisions for personnel obligations notably include obligations relating to Gerresheimer phantom stocks, long-service awards and phased retirement agreements, and a group health insurance program at the US Group companies.

Provisions for warranties are recorded on the basis of legal or contractual obligations.

The provisions for sales bonuses, rebates and discounts relate to unpaid compensation granted on revenues realized prior to the balance sheet date.

Sundry other provisions include restructuring provisions in connection with the divisional realignment and streamlining. The restructuring provisions of EUR 3,730k at the financial year-end (prior year: EUR 6,100k) are based on detailed formal plans.

Two arbitration proceedings are pending at the subsidiaries Gerresheimer Group GmbH, Duesseldorf (Germany), and GERRESHEIMER GLAS GmbH, Duesseldorf (Germany). The first of these relates to the settlement (EUR 14.75 per share) and compensation (EUR 0.84 per share after German withholding tax on capital gains) under a domination and profit and loss transfer agreement. The second relates to the cash settlement (EUR 16.12 per share) following the squeeze-out of minority shareholders. Sundry other provisions include expected expenses for arbitration proceedings.

Moreover, the sundry other provisions also include expected expenses for a large number of items, which are not significant on an individual basis.

The reclassifications in the current financial year as well as in the prior year mainly relate to reclassifications into or out of liability items.

Interest expenses relating to the compounding of long-term accruals amounted to EUR 271k (prior year: EUR 268k).

Outflows of economic benefits in relation to provisions are expected in the amount of EUR 53,446k (prior year: EUR 64,573k) within one year, EUR 7,928k (prior year: EUR 6,826k) between two and five years and EUR 0k (prior year: EUR 0k) after more than five years.

(32) Financial Liabilities

Financial liabilites break down as follows:

	Nov. 30, 2016			Nov. 30, 2015		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Bonded Loans	**424,116**	–	*424,116*	423,947	–	*423,947*
Bond	**299,016**	–	*299,016*	298,345	–	*298,345*
Liabilities to banks	**173,101**	*173,101*	–	238,825	*238,825*	–
unsecured	***11,655***	*11,655*	–	*7,526*	*7,526*	–
secured[1]	***161,446***	*161,446*	–	*231,299*	*231,299*	–
Fair value of derivative financial instruments	**2,990**	*2,990*	–	1,161	*1,161*	–
Sundry other financial liabilities	**30,756**	*9,337*	*21,419*	28,115	*9,625*	*18,490*
Other financial liabilities	**929,979**	***185,428***	***744,551***	**990,393**	***249,611***	***740,782***
Trade payables	**156,996**	*156,996*	–	160,940	*160,940*	–
Financial liabilities	**1,086,975**	***342,424***	***744,551***	**1,151,333**	***410,551***	***740,782***

[1] Secured by guarantor plan.

The carrying amounts of the sundry other financial liabilities and the trade payables correspond approximately to their fair values.

For further details on the fair values of derivative financial instruments, please see Note (35).

The following table shows maturities, interest rates and fair values for bonded loans, liabilities to banks and for the bond:

November 30, 2016

Currency in k		Amount	Due by	Interest rate % p.a.	Carrying amount (EUR)	Fair value (EUR)
Bonded loans	EUR	169,234	2020[4]	0.98	169,234	169,234
	EUR	19,969	2020[4]	0.75	19,969	19,969[1]
	EUR	159,622	2022[4]	1.44	159,622	159,622
	EUR	49,882	2022[4]	0.95	49,882	49,882[1]
	EUR	25,409	2025[4]	2.04	25,409	25,409
					424,116	424,116
Bond	EUR	299,016	2018[4]	5.00	**299,016**	320,715[3]
Liabilities to banks	USD	171,698	2016	1.61	161,446	161,446[2]
	USD	300	2017	4.00	282	282
	PLN	26,353	2017	2.03–2.26	5,924	5,924[2]
	EUR	724	2017	0.23	724	724
	INR	344,252	–[5]	9.5–9.8	4,725	4,725[2]
					173,101	**173,101**
					896,233	**917,932**

November 30, 2015

Currency in k		Amount	Due by	Interest rate % p.a.	Carrying amount (EUR)	Fair value (EUR)
Bonded loans	EUR	169,167	2020[4]	0.98	169,167	169,167
	EUR	19,961	2020[4]	0.75	19,961	19,961[2]
	EUR	159,558	2022[4]	1.44	159,558	159,558
	EUR	49,862	2022[4]	0.95	49,862	49,862[2]
	EUR	25,399	2025[4]	2.04	25,399	25,399
					423,947	**423,947**
Bond	EUR	298,345	2018[4]	5.00	298,345	328,800[3]
Liabilities to banks	USD	221,842	2015	0.83	209,700	209,700[2]
	USD	200	2016	7.00–7.03	189	189
	ARS	846	2016	15.30	82	82
	EUR	44	2015	8.50	44	44
	PLN	11,310	2017	2.21–2.27	2,648	2,648[2]
	EUR	21,516	2015	0.60	21,516	21,516
	EUR	715	2016	0.48	715	715
	INR	277,257	–[5]	8.50–10.2	3,931	3,931[2]
					238,825	**238,825**
					961,117	**991,572**

[1] These items relate to variable interest, however here only a margin is reported since the EURIBOR is negative.
[2] The indicated positions refer to variable interest.
[3] The carrying amount of the bond does not correspond to its fair value.
[4] Final maturity.
[5] Operating loan facility, indefinite term.

The interest rates shown are the interest rates at the balance sheet date. They comprise the market interest rate and bank lending margins.

In connection with the refinancing of the previous syndicated loans, a new revolving loan agreement of EUR 450,000k was signed on June 9, 2015 with a five-year term to maturity. This was used to redeem the bank loan for an initial EUR 400,000k on June 15, 2015, that was otherwise due to expire in 2016.

The EUR 300,000k bond remains in place. It was issued on May 19, 2011 with an issue price of 99.4%, a coupon of 5.0% p.a. and a term to maturity ending in May 2018.

A bridging loan of EUR 550,000k with a maturity of one year was signed on July 27, 2015 in connection with the Centor acquisition. The bridging loan was paid back in full as of November 30, 2015 out of the issuance of the bonded loans for a total of EUR 425,000k launched on November 10, 2015 with maturities of five, seven and ten years, and out of the sale proceeds for the glass tubing business.

The sundry other financial liabilities also include put options granted to non-controlling shareholders, finance lease liabilities and accrued interest liabilities. Regarding lease agreements please refer to Note (34).

(33) Other Liabilities

Other liabilities break down as follows:

in EUR k	**Nov. 30, 2016** Total	Thereof current	Thereof non-current	Nov. 30, 2015 Total	Thereof current	Thereof non-current
Prepayments received	30,188	*30,188*	–	30,768	*30,768*	–
Liabilities from other taxes	10,006	*10,006*	–	11,030	*11,030*	–
Liabilities from social security obligations	5,454	*5,454*	–	5,991	*5,991*	–
Sundry other liabilities	61,119	*60,921*	*198*	70,777	*70,500*	*277*
Other liabilities	**106,767**	***106,569***	***198***	**118,566**	***118,289***	***277***

Prepayments received include EUR 22,632k (prior year: EUR 24,766k) relating to customer-specific construction contracts.

For prepayments received in the amount of EUR 30,188k (prior year: EUR 30,768k) collaterals were given by means of assets amounting to EUR 6,211k (prior year: EUR 6,325k).

Sundry other liabilities primarily relate to obligations to employees.

(34) Other Financial Obligations

Other financial obligations not balanced on an account break down as follows:

in EUR k	**Nov. 30, 2016**	Nov. 30, 2015
Obligations under rental and operating lease agreements	44,172	43,157
Capital expenditure commitments	11,391	17,135
Guarantees	–	210
Sundry other financial obligations	7,564	7,278
Other financial obligations	**63,127**	**67,780**

The obligations from rental and operating lease agreements mainly relate to plant and to land and buildings used for operating purposes.

Finance lease and operating lease obligations fall due as follows:

in EUR k	Finance leases: Minimum lease payments	Finance leases: Interest component	Finance leases: Present value	Rentals and operating leases: Nominal value
Due within 1 year	831	182	649	11,358
Due 1 to 5 years	5,638	472	5,166	23,412
Due after 5 years	1,584	154	1,430	9,402
November 30, 2016	**8,053**	**808**	**7,245**	**44,172**

in EUR k	Finance leases: Minimum lease payments	Finance leases: Interest component	Finance leases: Present value	Rentals and operating leases: Nominal value
Due within 1 year	1,199	139	1,060	12,774
Due 1 to 5 years	4,954	305	4,649	24,371
Due after 5 years	–	–	–	6,012
November 30, 2015	**6,153**	**444**	**5,709**	**43,157**

EUR 14,429k (prior year: EUR 16,960k) was recognized as expense in the income statement in the financial year 2016, in connection with rentals and operating leases. Thereof, EUR 1,317k (prior year: EUR 1,404k) is reported as part of the net income from discontinued operations.

(35) Reporting on Capital Management and Financial Instruments

The Group's capital management objectives primarily consist of maintaining and ensuring the best-possible capital structure to reduce cost of capital, ensuring a sufficient level of cash and cash equivalents as well as active management of net working capital. Net financial debt as of November 30, 2016 amounts to EUR 788,188k (prior year: EUR 877,453k); net working capital is EUR 200,300k (prior year: EUR 213,698k).

The Gerresheimer Group's risk management system for credit risk, liquidity risk and individual market risks, including interest risks, currency risks and price risks, is described, including its objectives, policies and processes and their measures to monitor the covenants to be complied with, in the Opportunity and Risk Report section of the Management Report. Please see Note (6) for further explanations.

Information on financial instruments by category and class

By type of determination of the fair values of financial assets and financial liabilities, three hierarchy levels must be distinguished. Gerresheimer reviews the categorization of fair value measurements to levels in the fair value hierarchy at the end of each reporting period.

Level 1: Fair values are determined on the basis of quoted prices in an active market.

Level 2: If no active market for a financial asset or a financial liability exists, fair value is established by using valuation techniques. The fair value measurements categorized in Level 2 were determined on the basis of prices in the most recent transactions with willing and independent parties or using prices in observable current market transactions for similar assets or liabilities.

Level 3: The fair value measurements are based on models incorporating unobservable inputs that are significant to the measurement.

	Nov. 30, 2016				Nov. 30, 2015			
in EUR k	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets designated "available-for-sale"								
Securities	646	–	–	646	653	–	–	653
Financial assets designated "at fair value through profit and loss"								
Derivative financial assets	–	77	–	77	–	117	–	117
Measured at fair value	**646**	**77**	**–**	**723**	**653**	**117**	**–**	**770**
Financial liabilities designated "at fair value through profit and loss"								
Derivative financial liabilities	–	2,990	–	2,990	–	1,161	–	1,161
Put options	–	–	14,706	14,706	–	–	13,747	13,747
Measured at fair value	**–**	**2,990**	**14,706**	**17,696**	**–**	**1,161**	**13,747**	**14,908**

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments and reconciles them to the corresponding balance sheet items:

	Nov. 30, 2016				Nov. 30, 2015			
	At amortized cost		At fair value		At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	211,265	*211,265*	–	211,265[1]	200,130	*200,130*	–	200,130[3]
Loans and receivables	211,265	*211,265*	–		200,130	*200,130*	–	
Other financial assets	15,094	*14,859*	723	15,817	15,357	*15,121*	770	16,127
Available-for-sale financial assets	235[2]	–	646		236[4]	–	653	
At fair value through profit or loss	–	–	77		–	–	117	
Loans and receivables	14,859	*14,859*	–		15,121	*15,121*	–	
Cash and cash equivalents	118,391	*118,391*	–	118,391	93,668	*93,668*	–	93,668
Financial assets	**344,750**	***344,515***	**723**	**345,473**	**309,155**	***308,919***	**770**	**309,925**
Other financial liabilities	912,283	*933,982*	17,696	929,979	975,485	*1,005,940*	14,908	990,393
At amortized cost	912,283	*933,982*	–		975,485	*1,005,940*	–	
At fair value through profit or loss	–	–	17,696		–	–	14,908	
Trade payables	156,996	*156,996*	–	156,996	160,940	*160,940*	–	160,940
At amortized cost	156,996	*156,996*	–		160,940	*160,940*	–	
Financial liabilities	**1,069,279**	***1,090,978***	**17,696**	**1,086,975**	**1,136,425**	***1,166,880***	**14,908**	**1,151,333**

1) Receivables under construction contracts are additionally recognized in the balance sheet in the amount of EUR 20,786k.
2) Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 235k is not stated.
3) Receivables under construction contracts are additionally recognized in the balance sheet in the amount of EUR 18,884k.
4) Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 236k is not stated.

Liabilities measured at amortized cost include finance lease liabilities for which Group companies are the lessees. As of November 30, 2016, these liabilities amount to EUR 7,245k (prior year: EUR 5,709k).

The fair values of receivables, loans and liabilities are measured at the present value of future cash flows discounted at the current interest rate as of the balance sheet date. The fair values are discounted at an interest rate, taking into account the maturity of the asset or the remaining term of the liability and the counterparty's credit standing as of the balance sheet date.

Due to the predominantly short terms, the fair values of trade receivables, trade payables, other financial assets, other financial liabilities as well as cash and cash equivalents do not differ significantly from their carrying amounts.

Receivables relating to application of the percentage of completion method amount to EUR 20,786k (prior year: EUR 18,884k).

Maturity analysis

The Group continually monitors liquidity risk. The maturities of the Group's financial liabilities as of November 30, 2016 are as follows. The amounts are stated on the basis of the contractual, non-discounted payments.

Nov. 30, 2016

in EUR k	Due or due in 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	**Total**
Bonded loans	–	–	–	189,500	235,500	**425,000**
Bond and liabilities to banks	173,449	429	456	300,000	–	**474,334**
Interest payments on bond and liabilities to banks	563	7	20,118	33,630	4,861	**59,179**
Trade payables	110,728	40,002	6,256	10	–	**156,996**
Finance lease liabilities	69	165	597	5,638	1,584	**8,053**
Sundry other financial liabilities	–	–	10	16,745	–	**16,755**
	284,809	**40,603**	**27,437**	**545,523**	**241,945**	**1,140,317**

Nov. 30, 2015

in EUR k	Due or due in 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	**Total**
Bonded loans	–	–	–	189,500	235,500	425,000
Bond and liabilities to banks	239,560	267	586	300,000	–	540,413
Interest payments on bond and liabilities to banks	423	2	20,121	50,441	8,159	79,146
Trade payables	139,085	20,122	1,733	–	–	160,940
Finance lease liabilities	669	102	428	4,954	–	6,153
Sundry other financial liabilities	–	–	10	15,826	–	15,836
	379,737	**20,493**	**22,878**	**560,721**	**243,659**	**1,227,488**

The liabilities from bond and liabilities to banks existing as of November 30, 2016 in the amount of EUR 173,449k include EUR 162,679k (prior year: EUR 232,804k) drawings from the revolving credit facility, which have been agreed firmly, until June 2020. These drawings are fully included under the item "Due or due in 1 month" (prior year: "Due or due in 1 month" EUR 232,804k).

Hedges

Derivative financial instruments are used exclusively for hedging purposes. The Group's financial risks are monitored centrally as part of Group-wide financial risk management. Identified potential risks are managed using suitable hedging instruments on the basis of clearly defined guidelines.

The following table provides an overview of hedges as of the financial year-end:

	Nov. 30, 2016	Nov. 30, 2015
in EUR k	**Exchange rate hedges**	Exchange rate hedges
Nominal value (gross)	267,432[1]	309,286[1]
Fair value (net)	-2,913	-1,044
Residual term	06/2017	04/2016
Carrying amount (underlying assets)	17,700	25,369
Carrying amount (underlying liabilities)	23,112	29,575

[1] This also includes forward exchange contracts for receivables and payables between consolidated companies that have been eliminated in the consolidation.

The put option of Triveni is included in the carrying amount of the underlying liabilities of the exchange rate hedges in both financial years.

The derivative financial instruments are measured at fair values determined by banks. As hedges, there is generally an economic relationship between the hedging instruments and hedged operating items.

Cash flow hedges

As of November 30, 2016, no payer interest rate swap was in place. No new payer interest rate swap was entered into in connection with the new revolving credit facility in 2015.

Foreign exchange hedges

In accordance with internal financing guidelines, the Gerresheimer Group used forward exchange contracts and currency swaps in the financial year 2016 to hedge currency risks on foreign currency-denominated receivables and payables. The sole risk exposure in connection with currency management relates to transaction risks. The currency-derivatives are used to hedge specific hedged items and are classified as hedging instruments.

Losses from derivative financial instruments of EUR 9,528k were recognized in profit and loss in the financial year 2016 (prior year: EUR 23,776k losses). In 2015, this amount includes an expense of EUR 8,524k for the exchange rate hedge on the purchase price for the Centor acquisition, recognized in one-off expenses under other operating expenses. Moreover, it includes an expense of EUR 11,908k primarily for the exchange rate hedge on a USD intercompany loan.

Sensitivity analyses

Interest rate risk is presented using sensitivity analyses. The following section describes the sensitivity of net income before taxes and of the cash flow hedge reserve recognized in equity to a reasonably possible change in interest rates.

The interest rate sensitivity analyses are based on the following assumptions:

Changes in the market interest rate of non-derivative financial instruments with fixed interest rates only affect earnings when the instruments are measured at fair value. In the Gerresheimer Group, all non-derivative liabilities are measured at amortized cost. No financial liabilities with fixed interest rates are therefore exposed to interest rate risk.

If the market interest rate had been 100 basis points higher or 50 basis points lower as of November 30, 2016 (prior year: 100 basis points higher or 20 basis points lower), net income before taxes would have been EUR 1,676k lower or EUR 838k higher (prior year: EUR 2,967k lower or EUR 593k higher).

The following section describes the sensitivity of net income before taxes (due to the change in the fair values of monetary assets and liabilities) to a reasonably possible change in exchange rates, with Gerresheimer AG only being exposed to currency risk on unhedged monetary financial instruments.

If the euro had increased (decreased) by 10% against all currencies as of November 30, 2016, net income before taxes would have increased by EUR 332k or decreased by EUR 743k (prior year using the same sensitivities: increase of EUR 1,326k and decrease of EUR 874k).

OTHER NOTES

(36) Segment Reporting

Segment reporting follows internal reporting according to the management approach.

In the Gerresheimer Group, the Management Board of Gerresheimer AG, as the chief operating decision maker, allocates resources to the operating segments and assesses their performance. The reportable segments and regions as well as the performance data shown are consistent with the internal management and reporting system.

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on the economic characteristics of their businesses.

Already with the start of the financial year 2014, Gerresheimer realigned its three divisions. The organization was geared more closely to customer needs while businesses with similar technologies were pooled. The sale of the Life Science Research Division was closed on October 31, 2016 after approval of the relevant antitrust authorities.

Plastics & Devices

Our product portfolio in the Plastics & Devices Division includes complex, customer-specific products for simple and safe drug delivery. These include insulin pens, inhalers and prefillable syringes. The division also covers diagnostics and medical technology products such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

Activities in this division include developing complex systems and system components made of plastic on a project basis. Our target market comprises customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the value chain. Our Medical Plastic Systems products range from inhalers for the treatment of respiratory diseases to lancets and insulin pen systems for diabetics, as well as an extensive array of test systems and disposable products for laboratory and molecular diagnostics.

The Plastics & Devices Division also provides plastic system packaging for use with liquid and solid medication. Our broad range of high-quality primary drug packaging products includes application and dosage systems, such as eyedroppers and nasal spray vials, as well as special containers for tablets and powders. In addition, the range includes tamper-evident multifunctional closure systems, child-resistant and senior-friendly applications, and integrated moisture absorbers.

A feature of the US market for prescription medication is the pour-and-count system. The precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container. We again have a strong product portfolio for this segment, supplying national and regional pharmacy chains, supermarkets and wholesalers.

Primary Packaging Glass

In the Primary Packaging Glass Division, we produce glass primary packaging of glass for medicines and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and beverage industry.

Our range for the pharmaceutical industry covers a broad array of glass primary packaging products. Moulded glass products meet market and customer needs with a variety of injection, dropper and syrup bottles. We also produce high-quality specialty products such as ampoules, vials and cartridges made with borosilicate glass tubing. On this basis, we offer a virtually complete range of pharmaceutical packaging in flint and amber glass.

Our product portfolio for the cosmetics industry encompasses high-quality glass packaging such as vials and glass containers for perfumes, deodorants, skin-care and wellness products. We process clear, colored and opal glass. All shaping, coloring, printing and exclusive finishing technologies are available to us for this purpose.

For the food and beverage industry, we supply both standard and custom miniature as well as other sizes of bottles and glass containers for products such as spirit miniatures. Our products include a range of variations such as amber, flint, colored and opal glass, diverse shape variants as well as numerous finishing options.

The effects of services of Gerresheimer AG, consolidation measures and inter-segment reconciliations are presented in the segment reporting as "Head office/consolidation". The measurement principles for segment reporting are based on the IFRSs applied in the consolidated financial statements.

Segmental performance is assessed and calculated according to the following criteria:

- Intra-Group revenues are measured on an arm's length basis. There were no revenues with key accounts amounting to more than 10% of Gerresheimer Group revenues neither for the financial year 2016 nor for the prior year.
- Adjusted EBITDA is not defined in IFRS but represents a key performance indicator for the Gerresheimer Group. Adjusted EBITDA is net income before income taxes, financial result, amortization of fair value adjustments, depreciation and amortization, impairments, restructuring expenses and one-off income and expenses.
- Net working capital is defined as inventories, trade receivables and prepayments less prepayments received and trade payables.
- Operating cash flow is a key performance indicator comprising adjusted EBITDA plus changes in net working capital at constant exchange rates plus capital expenditures less added finance leases.
- Capital expenditures comprise all additions to intangible assets and property, plant and equipment measured at cost.
- Non-current assets do not include financial instruments, deferred tax assets, post-employment benefits or rights arising from insurance contracts.

Segment data by division

in EUR k	Plastics & Devices		Primary Packaging Glass		Life Science Research[4]		Head office/consolidation		Group	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Segment revenues	765,403	645,311	610,600	650,986	–	–	–	–	1,376,003	1,296,297
Intra-Group revenues	-429	-631	-114	-12,754	–	–	–	–	-543	-13,385
Revenues with third parties	**764,974**	**644,680**	**610,486**	**638,232**	**–**	**–**	**–**	**–**	**1,375,460**	**1,282,912**
Adjusted EBITDA	203,955	141,582	124,713	143,669	–	–	-20,820	-22,626	307,848	262,625
Depreciation and amortization[1]	-42,517	-38,233	-43,707	-45,857	–	–	-690	-437	-86,914	-84,527
Adjusted EBITA	161,438	103,349	81,006	97,812	–	–	-21,510	-23,063	220,934	178,098
Net working capital	105,407	100,566	97,573	90,327	–	26,734	-2,680	-3,929	200,300	213,698
Operating cash flow[2]	148,463	110,500	60,971	70,313	11,723	18,388	-23,839	-22,162	197,318	177,039
Capital expenditure including finance lease[3]	51,576	36,009	58,844	86,968	1,363	1,716	1,367	1,106	113,150	125,799
Employees (average for the year)	4,653	4,513	5,201	5,542	558	788	96	101	10,508	10,944

[1] This includes in the financial year 2016 impairments of EUR 178k, thereof EUR 93k relating to the Primary Packaging Glass Division and EUR 85k relating to the Plastics & Devices Division.
[2] Operating cash flow: Adjusted EBITDA plus or minus change in net working capital less capital expenditure.
[3] Capital expenditure includes additions due to finance lease contracts amounting to EUR 2,429k, which were not cash-effective in the reporting period.
[4] Prior-year figures in the income statement as well as in the statement of other comprehensive income have been adjusted due to the sale of the Life Science Research Division in the current reporting period. In contrast, the Life Science Research Division is still completely included in the prior-year figures of the balance sheet, in the prior-year cash flow statement as well as in the employee figures.

Key indicators by region[1]

in EUR k	Europe		Germany		Americas		Emerging markets		Other regions		Group	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenues by target region[2]	458,384	466,874	324,111	318,580	363,079	245,150	203,850	219,915	26,036	32,393	1,375,460	1,282,912
Revenues by region of origin[3]	295,822	157,680	511,399	700,324	354,475	223,855	213,764	201,053	–	–	1,375,460	1,282,912
Non-current assets[4]	142,173	149,806	619,295	616,098	845,953	898,679	205,298	203,433	–	–	1,812,719	1,868,016
Employees (average for the year)	1,882	1,899	3,451	3,457	1,303	1,478	3,872	4,110	–	–	10,508	10,944

[1] For further explanations on the regions we refer to Note (8).
[2] Revenues by location of customer registered office.
[3] Revenues by location of supplier registered office.
[4] Long-term other financial assets and deferred taxes are not part of the non-current assets.

Reconciliation from Adjusted EBITA of the divisions to net income before taxes of the Group is shown in the following table:

in EUR k	**2016**	2015
Adjusted segment EBITA	242,444	201,161
Head office/consolidation	-21,510	-23,063
Adjusted Group EBITA	**220,934**	**178,098**
Acquisition Centor	-83	-11,565
Portfolio optimization	-3,485	-15,879
One-off expenses and income	-550	-500
Sale of the glass tubing business[1]	322	52,175
Amortization of fair value adjustments	-36,669	-20,380
Result of operations	**180,469**	**181,949**
Net finance expense	-33,526	-34,596
Net income before income taxes	**146,943**	**147,353**

[1] Includes in the prior year an impairment loss on fair value adjustments of EUR 15,682k for the brand Kimble/Kontes.

(37) Auditor Fees

The auditor of the individual and consolidated financial statements of Gerresheimer AG is Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf (Germany). The audit opinion is signed by André Bedenbecker (since the financial year 2016) and René Kadlubowski (since the financial year 2016). René Kadlubowski is deemed to be the auditor in charge since the financial year 2016 in accordance with section 38 para. 2 BS WP/vBP for Gerresheimer AG.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been the auditor for Gerresheimer AG since 2009.

The following fees have been recognized as expense for services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft:

in EUR k	**2016**	2015
Financial statements auditing	590	614
Other assurance services	7	8
Tax advisory services	7	5
Other services	10	10
	614	**637**

Thereof, an amount of EUR 9k (prior year: EUR 10k) is reported as part of net income from discontinued operations.

(38) Related Party Disclosures

In the course of our operating activities, we conduct business with legal entities and individuals who are able to exert influence on Gerresheimer AG or its subsidiaries or are controlled or significantly influenced by Gerresheimer AG or its subsidiaries.

Related parties include companies that are related parties of members of the Supervisory Board of Gerresheimer AG, non-consolidated companies and associates, and members of the Gerresheimer AG Supervisory Board and Management Board.

The table below shows transactions with related parties:

	Financial Year 2016		**November 30, 2016**	
in EUR k	**Sale of goods and services**	**Purchase of goods and services**	**Trade receivables**	**Trade payables**
Company in relation to a member of the Gerresheimer AG Supervisory Board	2,610	–	308	–
Associated companies	–	2,938	–	39
	2,610	**2,938**	**308**	**39**

	Financial Year 2015		November 30, 2015	
in EUR k	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	3,123	–	116	–
Associated companies	–	2,931	–	93
	3,123	**2,931**	**116**	**93**

The transactions carried out include the Vetter Pharma-Fertigungs GmbH & Co. KG, Ravensburg (Germany), which is related to a member of the Supervisory Board.

All transactions are conducted at market prices and on arm’s length terms.

(39) Total Remuneration of the Members of the Supervisory Board and Management Board

Remuneration of the members of the Supervisory Board of Gerresheimer AG totaled EUR 1,076k in the financial year 2016 (prior year: EUR 1,111k).

Remuneration of the active Management Board members during the financial year, made up of fixed salary (including fringe benefits), performance-linked bonuses and components with a long-term incentive effect, came to EUR 4,935k in the financial year 2016 (prior year: EUR 4,403k).

The fair value of the 2016 to 2021 tranches of Management Board stock appreciation rights (tranches 10 to 15) was EUR 4,096k as of the balance sheet date (prior year: tranches 9 to 12 EUR 3,354k). Expenses for additions to the provision for stock appreciation rights as granted at the reporting date (tranches 6 to 15) amount to EUR 1,564k (prior year: tranches 5 to 12 EUR 3,261k). For further details, please see Note (30).

With effect from May 1, 2007, the pension obligations for active members of the Management Board were transferred to a pension fund. Benefits vesting since May 1, 2007 are generally processed through a provident fund. The present value of the defined benefit obligation for active members of the Management Board, before offset against plan assets, is EUR 8,065k (prior year: EUR 6,584k).

The present value of the defined benefit obligation for former members of management and their dependents, before offset against plan assets, is EUR 27,746k (prior year: EUR 25,146k). Regular payments for pensions and other benefits amounted to EUR 1,294k (prior year: EUR 1,886k).

Further information on the remuneration of the members of the Management Board is provided in the Remuneration Report section of the Group Management Report.

(40) Corporate Governance

Corporate governance represents a company's entire management and monitoring system, including its organization, business policies and guidelines as well as internal and external control mechanisms. The aim of good corporate governance is responsible and transparent corporate management and control geared to sustained value creation. This enhances the confidence of national and international investors, business partners, financial markets, employees and the public in the management and control of Gerresheimer AG.

Gerresheimer AG is required as a listed company to state to what extent it complies with the recommendations of the German Corporate Governance Code and any recommendations it has not or will not comply with ("comply or explain").

The Management Board and Supervisory Board of Gerresheimer AG most recently adopted the following declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz/AktG) as follows on September 8, 2016:

With the exception of the recommendation of number 5.4.1 paragraph 2 clause 1, Gerresheimer AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015 as stated in the last statement of compliance on September 9, 2015. Gerresheimer AG will also comply with all recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015 with exception of number 5.4.1 paragraph 2 clause 1: The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board. The declaration is available from the Company website (www.gerresheimer.com/en/investor-relations).

(41) Events after the Balance Sheet Date

No events have arisen since November 30, 2016 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer Group or Gerresheimer AG.

The financial statements were prepared by the Management Board at its meeting on January 23, 2017, authorized for publication and will be submitted by the Audit Committee to the Supervisory Board for approval in its meeting on February 13, 2017.

Duesseldorf, Germany, January 23, 2017

The Management Board

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of assets, liabilities, financial position and profit or loss of the Group, and the Group Combined Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Duesseldorf, Germany, January 23, 2017

The Management Board

Uwe Röhrhoff   Rainer Beaujean   Andreas Schütte

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Gerresheimer AG, Düsseldorf/Germany, comprising the consolidated income statement as well as consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, and the group management report of Gerresheimer AG, Düsseldorf/Germany, for the financial year from 1 December 2015 through 30 November 2016. The preparation of the consolidated financial statements and the group management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) German Commercial Code (HGB) are the responsibility of the Parent's Management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the financial statements of the consolidated entities, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Gerresheimer AG, Düsseldorf/Germany, comply with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf/Germany, 23 January 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Bedenbecker	Signed: Kadlubowski
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Financial Year 2016 (December 1, 2015 to November 30, 2016)

Dr. Axel Herberg
Chairman of the Supervisory Board
Senior Managing Director of The Blackstone Group Germany GmbH
a) Leica Camera AG
b) Jack Wolfskin Group
(functional apparel, outdoor equipment, shoes)
JW Germany Holding GmbH (Chairman) (until October 21, 2016)
Leica Group (photography and sport optics)
Lisa Germany Holding GmbH
Vetter Pharma-Fertigungs GmbH & Co. KG

Francesco Grioli
Deputy Chairman of the Supervisory Board,
Regional Director Rhineland-Palatinate/Saarland of IG Bergbau, Chemie, Energie
a) BASF SE
Villeroy & Boch AG
b) Steag New Energies GmbH (Deputy Chairman)
Villeroy & Boch Fliesen GmbH

Andrea Abt
Master of Business Administration,
Former Head of Supply Chain Management of the Siemens AG Sector Infrastructure
b) Brammer plc., United Kingdom
SIG plc., United Kingdom
Petrofac Ltd., Jersey (since May 19, 2016)

Sonja Apel (until December 31, 2015)
Director Group Accounting of Gerresheimer AG
b) Gerresheimer Mexico Holding LLC, USA (until December 31, 2015)
Gerresheimer MH Inc., USA (until December 31, 2015)
Gerresheimer Spain S.L.U., Spain (until December 31, 2015)
Gerresheimer Denmark A/S, Denmark (until December 31, 2015)
Gerresheimer Plasticos Sao Paulo Ltda., Brazil (until December 31, 2015)
Gerresheimer Boleslawiec S.A., Poland (until December 31, 2015)

Lydia Armer
Member of the Company Works Council of Gerresheimer Regensburg GmbH
a) Gerresheimer Regensburg GmbH

Dr. Karin Dorrepaal
Consultant,
Former member of the Management Board of Schering AG
a) Paion AG (Deputy Chairwoman)
b) Triton Beteiligungsberatung GmbH
Almirall S.A., Spain
Kerry Group plc, Ireland
Humedics GmbH (Chairwoman)
Julius Clinical Research BV, The Netherlands (since October 1, 2016)

Eugen Heinz
Member of the Company Works Council of Gerresheimer Lohr GmbH

Seppel Kraus
Regional Director Bavaria of IG Bergbau, Chemie, Energie
a) Hexal AG
Novartis Deutschland GmbH
Wacker Chemie AG

Katja Mögel (since January 20, 2016)
Group Director Business Excellence and Continuous Improvement of Gerresheimer AG

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

Dr. Peter Noé
Diplom-Kaufmann,
Former member of the Management Board of Hochtief AG
b) BlackRock Asset Management Schweiz AG, Switzerland

Markus Rocholz
Chairman of the Company Works Council of Gerresheimer Essen GmbH
a) Gerresheimer Tettau GmbH

Theodor Stuth
Auditor and Certified Tax Advisor
b) Wickeder Holding GmbH
Wickeder Profile Walzwerk GmbH
Linet Group SE, The Netherlands

Udo J. Vetter
Pharmacist and General Partner of UV-Cap GmbH & Co. KG
a) ITM AG (Chairman)
b) Vetter Pharma-Fertigungs GmbH & Co. KG (Chairman)
Atoll GmbH (Chairman) (until Mach 31, 2016)
HSM GmbH & Co. KG
Gland Pharma Pte. Ltd., India
Paschal India Pvt. Ltd., India (Chairman)

MANAGEMENT BOARD

Financial Year 2016 (December 1, 2015 to November 30, 2016)

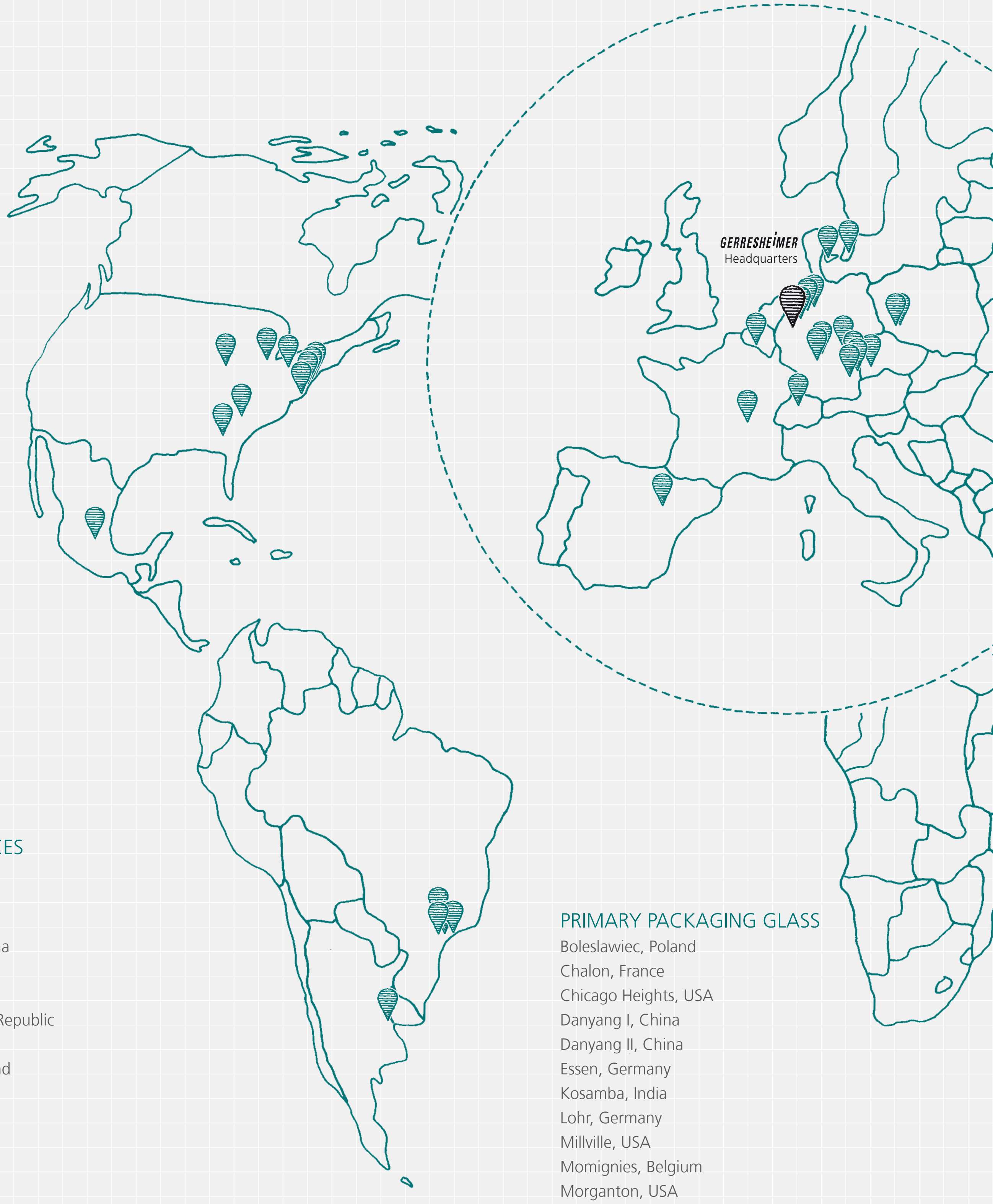
Uwe Röhrhoff
Chairman
a) Gerresheimer Tettau GmbH (Chairman)
Gerresheimer Regensburg GmbH (Chairman)
b) Gerresheimer Glass Inc., USA (Chairman)
Gerresheimer Momignies S.A., Belgium (Chairman)
Gerresheimer Queretaro S.A., Mexico (Chairman)
Neutral Glass and Allied Industries Pvt. Ltd., India
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman)
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman)
Corning Pharmaceutical Packaging LLC, USA

Rainer Beaujean
a) Gerresheimer Tettau GmbH (Deputy Chairman)
Gerresheimer Regensburg GmbH (Deputy Chairman)
b) Gerresheimer Glass Inc., USA
Kimble Chase Life Science and Research Products LLC, USA (Chairman) (until October 31, 2016)
Kontes Mexico S. de R.L. de C.V., Mexico (until October 31, 2016)
Kimble Kontes LLC, USA (until October 31, 2016)
Kimble Chase Holding LLC, USA (Chairman) (since July 8, 2016)
Centor US Holding Inc., USA
Centor Inc., USA
Centor Pharma Inc., USA

Andreas Schütte
b) Gerresheimer Denmark A/S, Denmark (Chairman)
Gerresheimer Vaerloese A/S, Denmark (Chairman)
Gerresheimer Zaragoza S.A., Spain (Deputy Chairman)
Gerresheimer Plasticos Sao Paulo Ltda., Brazil
Gerresheimer Boleslawiec S.A., Poland (Chairman)
Triveni Polymers Pvt. Ltd., India
Centor US Holding Inc., USA (Chairman)
Centor Inc., USA (Chairman)
Centor Pharma Inc., USA (Chairman)

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

GERRESHEIMER AG LOCATIONS



LOCATIONS

PLASTICS & DEVICES

Berlin, USA
Boleslawiec, Poland
Buende, Germany
Buenos Aires, Argentina
Dongguan City, China
Haarby, Denmark
Horsovsky Tyn, Czech Republic
Indaiatuba, Brazil
Kuessnacht, Switzerland
Kundli, India
Muenster, Germany
New Delhi, India
Peachtree City, USA
Perrysburg, USA
Pfreimd, Germany
Regensburg, Germany
Sao Paulo Butanta, Brazil
Sao Paulo Cotia, Brazil
Sao Paulo Embu, Brazil
Vaerloese, Denmark
Wackersdorf, Germany
Zaragoza, Spain

PRIMARY PACKAGING GLASS

Boleslawiec, Poland
Chalon, France
Chicago Heights, USA
Danyang I, China
Danyang II, China
Essen, Germany
Kosamba, India
Lohr, Germany
Millville, USA
Momignies, Belgium
Morganton, USA
Mumbai, India
Queretaro, Mexico
Tettau, Germany
Vineland, USA
Vineland Crystal Avenue, USA
Vineland Forest Grove, USA
Wertheim, Germany
Zhenjiang, China

HEADQUARTERS

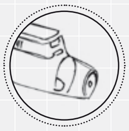
Duesseldorf, Germany (Gerresheimer AG)

As of: November 30, 2016

PRODUCT OVERVIEW BY DIVISION

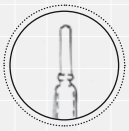
PLASTICS & DEVICES

The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems. For the North American end-consumer market, the division has a portfolio of regulatory-compliant plastic containers for prescription medication.



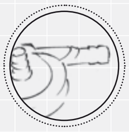
DRUG DELIVERY SYSTEMS

Drug delivery systems transport drugs simply and rapidly into the body. They include plastic systems such as inhalers, pen systems and injection systems.



PREFILLABLE SYRINGE SYSTEMS

Prefillable syringe systems made of glass and COP (cyclic olefin polymer) are supplied to customers in the pharmaceutical and biotech industry for filling with drugs. Gerresheimer offers a widely diversified range of sterile and non-sterile syringe systems. Gx RTF® (ready-to-fill) and Gx RTF® ClearJect® syringe systems are delivered to the customer washed, siliconized, assembled with a closure cap and sterilized, i. e., completely ready to fill.

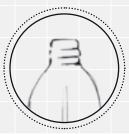


MEDICAL TECHNOLOGY PRODUCTS

Gerresheimer produces disposables for various analysis systems in laboratories and medical practices, quick tests for patients in medical practices or hospitals, skin-prick aids and lancets for diabetics, disposables and components for dialysis machines, catheters and surgical devices made of plastic.

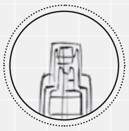
CONTAINERS FOR SOLID DOSAGE

For non-liquid forms of delivery such as tablets and powder, Gerresheimer offers a wide spectrum of high-quality, user-friendly products, which are complemented by a multifaceted range of alternatives in terms of specific closures, tamper-evident closures and other design options.



CONTAINERS FOR LIQUID DOSAGE

For liquid applications in the field of pharma and healthcare, Gerresheimer has a host of container types made of PET, PE and PP in its range. Numerous system accessories allow individual tailoring to the customer's needs.

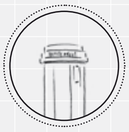


CONTAINERS FOR OPHTHALMIC AND RHINOLOGICAL APPLICATIONS

Gerresheimer also produces special plastic-based vials for eye drops and nasal sprays. These user-friendly containers, which can be complemented by different drop, spray or pump system components, facilitate precise drug dosage and application.

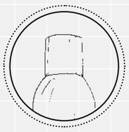
CONTAINERS FOR PARENTERAL PACKAGING: MULTISHELL® PLASTIC VIALS

Due to the triple-layer structure (COP/PA/COP), these Gerresheimer vials (2–100 ml) have oxygen barrier properties which are unique for plastic vials. These vials are manufactured out of heavy-metal-free polymers, are transparent and biocompatible, and are particularly suitable for sensitive parenteral medicines. They are also available in monolayer COP.



CONTAINERS FOR ORAL PRESCRIPTION MEDICATION

Gerresheimer company Centor supplies a portfolio of plastic packaging and closures for oral prescription medication in the North American end-consumer market. The precise amount of oral medication stated in a prescription is specially packaged by the pharmacist in a plastic container for each patient. Centor's 1-Clic® and Screw-Loc® product lines are the two leading forms of plastic packaging in the USA.

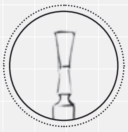


CONTAINERS FOR COSMETICS

Gerresheimer's portfolio of innovative plastic packaging encompasses a wide variety of standard shapes and sizes as well as customer-specific packaging in accordance with individual requirements. Gerresheimer deploys the latest technologies to provide custom finishing and decorating options for our top-quality skin-care and hair-care packaging solutions.

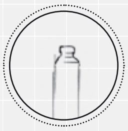
PRIMARY PACKAGING GLASS

The Primary Packaging Glass Division produces glass primary packaging for medicines and cosmetics, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars.



AMPOULES

An ampoule is a self-sealed container made of tubular glass in standardized ISO types. In the case of pharmaceutical ampoules, a distinction is made between various break-open methods such as the One Point Cut, Color Break and Score Ring procedures.



CARTRIDGES

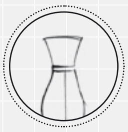
The cartridge is a glass cylinder which is closed at the front end by an aluminum cap with a membrane which is penetrated by an injection needle for the actual injection. The rear end of the cartridge is closed by a rubber stopper. Cartridges are used primarily in dental medicine as a primary packaging form for local anesthetics and, in diabetes therapy, for insulin pens.

VIALS FOR PHARMACEUTICALS

Vials (injection vials) are small-volume primary packaging containers made of tubular or molded glass. The filling volume of vials for pharmaceutical applications ranges from 0.6 to 50 ml.

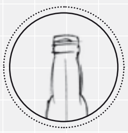
BOTTLES AND JARS FOR PHARMACEUTICALS

Gerresheimer supplies glass containers for pharmaceutical use in a wide variety of shapes and sizes. These include syrup and dropper bottles, tablet jars, wide-neck jars as well as injection, infusion and transfusion bottles.



FLACONS AND POTS FOR COSMETICS

Gerresheimer produces flacons, jars, samplers, vials and ampoules in the widest possible variety of forms and finishes, for example, for fragrances, deodorants, care cosmetics and decorative cosmetics.

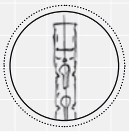


BOTTLES AND JARS FOR BEVERAGES AND FOOD

Gerresheimer supplies customer-specific and specialty containers for spirits and food.

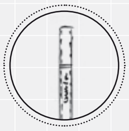
LIFE SCIENCE RESEARCH

The Life Science Research Division produces reusable laboratory glassware for research, development and analytics, such as beakers, Erlenmeyer flasks and measuring cylinders as well as disposable laboratory products such as culture tubes, pipettes, chromatography vials and other specialty laboratory glassware. The division was sold as of October 31, 2016.



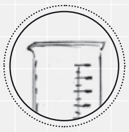
REUSABLE LABORATORY GLASSWARE

Reusable laboratory glassware is employed primarily in general research, test procedures and quality control. Examples of reusable laboratory glassware include beakers, Erlenmeyer flasks, precision burettes, pharmaceutical graduates and cylinders.



DISPOSABLE LABORATORY GLASSWARE

Disposable glass articles are used primarily in test procedures, quality laboratories and the clinical health sector. Examples of disposable laboratory glassware include serological pipettes, culture tubes, chromatography vials and scintillation vials.



SPECIAL LABORATORY GLASSWARE

Special laboratory glassware is used in a large number of applications. Examples of special laboratory glassware include NMR tubes, chromatography columns and products for tissue preparation.

GLOSSARY

1-Clic®
1-Clic® is the brand name of a well-known product line from our American subsidiary Centor Inc. The semitransparent orange plastic containers with white closures are used in pharmacies to package up prescription medication in the quantity specified by a patient's physician.

Ampoule
Self-sealed container made of tubular glass in three standardized ISO types (B, C and D). Pharmaceutical ampoules feature different opening systems, including One Point Cut (OPC), Color Break and Score Ring.

Autoinjector
Medical device for administering a single dose (injection) of a liquid drug. Autoinjectors were mainly developed for self-administration by the patient. The devices use prefilled syringes.
› Pen system

Backstop
The backstop is an ingenious addition to the Gerresheimer syringe range. The plastic system component is clipped onto the finger flange of a glass syringe. It narrows the top opening and stops the plunger head from being pulled out of the syringe. The ergonomically shaped wings also enlarge the finger flange for improved ease of use.

BioPack
In addition to conventional PE and PET packaging, Gerresheimer also supplies new, environment-friendly plastic packaging for pharmaceutical and cosmetic applications. One of the main feedstock sources for biomaterials is sugarcane. "Green" PE and PET from sugarcane is 100% recyclable. BioPack products have the same properties as conventional plastic containers and can be produced on existing filling and packaging lines. Using biomaterials helps reduce greenhouse gas emissions and so protects the environment.

Biopharmaceutics
Also known as biopharmaceutical drugs or biotech drugs. Drugs produced in genetically modified organisms by means of biotechnology. Biopharmaceutics is one of the fastest-growing product categories in the pharma and biotech industry.

Borosilicate glass
Glass with very high hydrolytic resistance thanks to its chemical makeup. Its low alkali composition makes borosilicate glass well suited as a packaging material for injectables.
› Hydrolytic resistance

Bulk syringes
Syringe barrels supplied to the customer in an unsterilized state. Washing, siliconization, mounting of the closure cap/needle shield and sterilization before filling is carried out by the pharma company.

Camera inspection systems
The quality of Gerresheimer products is monitored during and after manufacture using in-process controls. Advanced inspection systems help pick out defective items at an early stage with the aid of dedicated computer technology and digital image processing.

Cartridge
Tubular glass cylinder closed at the front end by an aluminum cap with a membrane that is penetrated by a pen needle to draw up the injection solution.

Child-resistant closure
Closure that protects children from harm by making pharmaceutical packaging hard for them to open. Opening these special closures require actions that (without instruction) are generally beyond the dexterity of a child. They typically call for non-intuitive opening actions or a combination of movements simultaneously or in sequence (e.g., press-and-turn caps).

Clean room
Room in which special air-handling processes and systems are used to control particulate and microbial air quality. An integral feature of pharmaceutical production technology, this is essential to the manufacture of numerous drug delivery and primary packaging solutions.

ClearJect® TasPack® (COP syringe)
A brand of sterile prefillable plastic syringes from our Japanese partner company Taisei Kako Co. Ltd. The syringes are made of cyclic olefin polymer (COP), a special plastic with glass-like transparency. COP syringes are especially well suited for demanding applications in cytostatics and biopharmaceutics. Like Gx RTF® syringes, they are packaged sterile in nested tub format (TasPack® Taisei Kako Sterile Packaging).

COP syringe (ClearJect® TasPack®)
› ClearJect® TasPack®

Cytostatics
Cytostatics are natural or synthetic substances that inhibit cell growth. They are notably used in cancer treatment (chemotherapy) and in some treatments for autoimmune disease.

Diabetes care
Medical specialism covering diabetes diagnosis and therapy. In this business field, Gerresheimer focuses on developing and producing highly innovative lancets, skin-prick aids and insulin pen systems.

Diagnostic systems
Systems for analyzing organic liquids and materials outside the body (in vitro). Such systems can analyze patient samples for specific parameters – in many cases fully automatically.

Dropper bottle system
Special glass or plastic bottle system consisting of bottle, dropper and closure for administering medication in drop form.

Drug delivery system
System to transport a drug's active substance in various ways (by pulmonary or nasal inhalation, through the skin, via the mucous membranes or orally) to exactly where it is needed in the body. Examples: inhalers for the treatment of respiratory disease and prefillable syringes for injection drugs.

Drug master file (DMF)
Document recording the (pharmaceutical) manufacturing process and drug quality assurance system used for regulatory agencies (such as the FDA in the USA or Health Canada in Canada). Drug master files enable producers who are not the final distributor of a drug (such as the producer of the active agent or primary packaging) to provide drug regulators with all necessary information without passing on trade secrets to their business partners.

Duma®
The Duma® brand name encompasses a large variety of pharmaceutical plastic primary packaging containers made by the Plastic Packaging Business Unit. Duma® containers are primarily used for drugs in solid dosage forms such as tablets and powders. The containers combine with a great variety of closure systems for different applications and users.

Furnace
Used for the melting process in glass production. The raw materials are mixed in batches and melted in the furnace at about 1,600°C. Gerresheimer's furnaces run 24 hours a day, 365 days a year.

Gx® ARMOR vials
The new Gx® ARMOR vials product line is designed for parenteral solutions with aggressive active agents and specially equipped to prevent delamination. Gx® ARMOR stands for Gerresheimer Advanced Risk Management and Operational Response.

Gx Baked-On RTF®
Gx Baked-On RTF® optimizes Gx RTF® syringes for silicone oil-sensitive biotech drugs. This Gerresheimer process is patented in Europe and the USA. Baked-on siliconization permanently fixes the silicone oil to the glass surface and significantly reduces the number of free oil droplets.

Gx® Elite Glass
The Gx® Elite Glass product family made of type I borosilicate glass was developed for pharmaceutical vials in highly demanding applications. Gx® Elite Glass vials are two to three times as robust as conventional type I glass, significantly more break-resistant on the filling line and in lyophilization, and exceed industry standards cosmetically and dimensionally.

Gx® FLASH

Gx® FLASH is a proprietary Gerresheimer test procedure to predict the susceptibility of vials to delamination. Specific thresholds in the production process are continuously monitored. Vials are randomly sampled at regular intervals and tested for susceptibility to delamination.

Gx® G3 inspection system

The Gx® G3 inspection system is the latest (third) generation inspection system for tubular glass products. In syringe production, the system allows all parts of the glass body to be cosmetically inspected in extremely high resolution. The system also offers highly accurate inspection of product geometry.

Gx® RHOC

Gx® RHOC is a proprietary Gerresheimer camera system offering superior dimensional quality. The system consists of three high-resolution matrix cameras on each side plus a hyper-centric ID camera. Further features include integration with the forming machine and Infinity SPC software.

Gx RTF® ClearJect®

Brand name of the first COP (cyclic olefin polymer) plastic syringe made by Gerresheimer in Europe. The new Gx RTF® ClearJect® syringe with cannula offers key advantages with regard to the primary packaging of demanding medications, most of all when it comes to biocompatibility. The COP material does not release metal ions into the drug solution. Since the entire manufacturing procedure for the syringe, including insert-molding the cannula, is accomplished in a single step, the product is also free of tungsten and adhesives. COP has high pH tolerance and, unlike glass, does not cause a pH shift during storage. It is an exceptionally inert, break-resistant material, making it well suited for packaging sensitive or toxic agents. Its higher elasticity in comparison with similar materials gives syringes made of COP greater mechanical resilience.

Gx RTF® syringe systems

The letters RTF in Gerresheimer's Gx RTF® syringe brand stand for "ready-to-fill". Gx RTF® syringe systems are delivered to the customer washed, siliconized, assembled with the closure cap, packed in nests and tubs, and sterilized – completely ready-to-fill, as the name suggests. This cuts out a whole chain of elaborate process steps for pharma manufacturers. Customers can therefore start filling product straightaway, saving a lot of time and money in the process.

Gx® Tekion™

Gx® Tekion™ is a system developed by Gerresheimer for cleaning glass tubes with ionized air.

Gx TELC® (Tamper Evident Luerlock Closure)

Tamper-evident closure system developed by Gerresheimer for prefilled syringes. The system combines a Luerlock adapter with a tamper-evident closure.

Gx TERNS® (Thermoplastic Elastomer Rigid Needle Shield)

Gx TERNS® is a shield developed by Gerresheimer for needle tips, with a soft sealing element made of thermoplastic elastomer (TPE) and a firm plastic shell.

Gx® THOR (Thermal Hydrolytic Optimization and Reduction)

Gx® THOR is a new Gerresheimer technology to reduce delamination susceptibility in vials. The technology is integrated into existing forming lines. Gx® THOR links critical areas of the converting process and guarantees that 100% of vials are controlled to the optimum temperature forming profile. Specified acceptance thresholds are monitored using statistical process control.

Hydrolytic resistance

The resistance of glass to the leaching of alkali ions from the glass surface, and the parameter used to grade glass into hydrolytic classes.

Inhaler

Device used in the treatment of asthma, bronchitis and other chronic respiratory ailments. It transports aerosol and powder-based medications into the upper and lower respiratory tracts.

Injection vial › Vial

Inner surface treatment
Special surfacing process for the inside of a pharmaceutical container, e.g., to ensure compatibility with the medication.

Insulin pen system
An insulin pen is a special injection system for safe and near-painless delivery of insulin from a cartridge.

Integrated moisture absorber
A moisture absorber protects medication from the effects of moisture during storage and absorbs atmospheric humidity entering the container as a result of it being repeatedly opened. Gerresheimer integrates the desiccant in a capsule affixed to the inside of the Duma® Twist-Off cap.

Joint venture
Gerresheimer uses the term joint venture for entities where it is majority owner and exercises control but where non-controlling interests exceed 20%.

Lancet
Plastic-coated blood-sampling needle for insertion into a skin-prick aid for diabetic patients.

Lancet magazine
Magazine with integrated lancets in a drum housing.

Laser coding
In the new laser coding process for syringes, a tiny data matrix code uniquely identifying the respective packaging container's type and origin is indelibly laser-etched onto the finger flange. In this way, Gerresheimer offers an innovative track-and-trace solution for pharma containers and helps combat drug counterfeiting.

Life sciences
Life sciences comprise the fields in which research institutes work primarily on the application of scientific findings in modern biology, chemistry and medicine as well as related areas, with a highly interdisciplinary and also market-driven orientation.

Molded glass
Molded glass packaging is produced in a single operation directly after the melting process.

Molecular diagnostics
Molecular diagnostics refers to analysis methods based on examination of genetic material (DNA or RNA). These allow more precise information to be obtained than with traditional diagnostic procedures so that illnesses can be detected faster.

Multifunctional closure system
Gerresheimer closures feature secure, air-tight opening and closure systems to meet varied requirements. All caps conform to ISO standards and can be combined with our glass and plastic packaging containers for liquids and solids. The multifunctional closures are tamper-evident, childproof, senior-citizen-friendly and moisture-absorbing.

MultiShell® plastic vials
These primary packaging vials are made from cyclic olefin polymer (COP) and polyamide (PA). MultiShell® plastic vials are glass-clear, break-resistant and biocompatible, making them especially well suited to long-term storage of sensitive parenteral medicines. A new development, Gerresheimer's MultiShell® combines two COP outer layers with a middle layer of polyamide for improved barrier properties against gas permeation compared with vials made of COP alone.

Needle shield
Syringe part made of a pharmaceutical rubber compound that is placed over the taper to protect the needle and stopper at the front end of the syringe.

Needle trap
Label with integrated needle shield to avoid needlestick injuries from syringes.

Ophthalmology
The medical field of ophthalmology deals with eye and sight diseases as well as malfunctions and their medical treatment.

Paste mold technology
Glass-forming (blowing) process using a rotating mold to produce a round and seamless piece of glassware.

Pen system
A pen system is used to administer medication in multiple doses. Unlike autoinjectors (which are non-reusable), pen systems are mostly used multiple times. A pen system contains a prefilled cartridge as the primary packaging.
› Insulin pen system

PharmaPlus
PharmaPlus is a range of high-caliber technical solutions in glass forming for unprecedented levels of precision. This includes the production of borosilicate glass tubes, which Gerresheimer itself manufactures as an intermediary product. The subsequent forming processes likewise produce an excellent new standard of quality in primary packaging, for syringes, cartridges, vials and ampoules alike.

Plastic systems
Complex and technically sophisticated assemblies made of multiple plastic components.

Plunger (head)/rubber stopper
Syringe part made of a pharmaceutical rubber compound that closes the syringe end after filling.

Plunger rod
Syringe part that is threaded or clipped onto the plunger head. For an injection, the user's thumb pushes down on the plunger rod to move the plunger and empty the syringe.

Pour-and-count system
The pour-and-count system is the usual way of selling prescription medicines in the USA and Canada and contrasts with the standardized pack units sold in Europe. In the pour-and-count system, drug producers package large quantities (100 to 1,000 units) of tablets and capsules in containers delivered to pharmacies by drug wholesalers on demand. The pharmacist pours tablets or capsules from the containers and counts out the precise quantity stipulated in the prescription. The tablets or capsules are dispensed in special plastic containers such as those provided by our American subsidiary Centor, with a customer-specific label (in many cases both the dispensing and labeling process are automated).

Prefillable syringe systems
Prefillable syringe systems in the form of Gx RTF® and Gx RTF® ClearJect® syringes are supplied sterile to customers in the pharma and biotech industry. They are ready to be filled with liquid medication and sealed on accredited production lines.
› Gx RTF® syringe systems

Primary packaging
Packaging that is in direct contact with medication, cosmetic and food products.

Safe Pack
Pharmaceutical packaging is subject to stringent requirements and must be kept free of germs and particles. The hygienic Safe Pack ensures that sterile containers produced in the high-temperature process arrive at the filler free of contamination. Pharmaceutical containers are vacuum-packed and hermetically sealed in compliance with the most stringent certified hygiene requirements.

Screw-Loc®
Screw-Loc® is the brand name of a well-known product line from our American subsidiary Centor Inc. The semitransparent orange plastic containers with white closures are used in pharmacies to package up prescription medication in the quantity specified by a patient's physician.

Siliconization
Silicone oil is used as a glide agent in the inner surface treatment of pharmaceutical containers. This makes it easier for the plunger to slide along the syringe barrel – an essential feature in a properly functioning syringe system.
› Gx Baked-on RTF®

Skin-prick aid
Device for diabetics allowing a lancet to be inserted near-painlessly into the skin. Some models allow for different penetration depths to cater for variations in skin thickness.

Tamper-evident closure
A tamper-evident closure reliably signals that a pharmaceutical container has been previously opened. This means physicians, nurses and patients know if a drug has been tampered with. Gerresheimer's Duma® Twist-Off tamper-evident screw caps for tablet bottles have a ring on the cap that is detached by the twisting action when the container is first opened. The pieces of plastic connecting the ring to the cap are torn off in the process, clearly indicating that the product has been opened before. Likewise, the Tamper Evident Luerlock Closure (TELC®) for Gerresheimer syringe systems is activated by twisting. The twist action causes the tabs on the twist-off closure to spread out, showing that the syringe has been previously opened.

TCC
Technical Competence Center, where products and systems are developed and made ready for series production in collaboration with the customer.

Tip cap
Syringe part made of a pharmaceutical rubber compound that is placed over the taper to stopper the front end of the syringe.

TPE (Thermoplastic Elastomer)
Plastic with thermoplastic properties, behaving like a classical elastomer at room temperatures but allowing its shape to be modified when heated.

Tubular glass
Tubular glass relates to two separate processes: First, the production of glass tubes and, second, the manufacture from those tubes of primary packaging such as syringes, cartridges, ampoules and vials.

Type I borosilicate glass
High-quality type I borosilicate glass has the highest-possible hydrolytic resistance due to its chemical composition. Its low alkali emissions make borosilicate glass well suited as a packaging material for injectables. Ampoules, cartridges, vials and syringe barrels are the main products for which chemically highly resistant type I borosilicate glass is the preferred material.

Type II glass
Type II glass is a soda-lime-silica glass that has been dealkalized. This treatment gives type II glass very high hydrolytic resistance, making it suitable for acid and neutral aqueous parenterals.

Type III glass
Type III glass is a soda-lime-silica glass with medium hydrolytic resistance. This type of glass is suitable for all other liquid and solid preparations. It is used for products such as cough syrups and tablets.

Vial
A small-volume primary packaging container made of tubular glass. Gerresheimer makes vials for pharmaceutical applications with filling volumes ranging from 0.6 to 50 ml. Often referred to as an injection vial as the liquid is drawn out with an injection needle (disposable syringe).

The definitions in this glossary apply in context as used by Gerresheimer and are not intended as generally applicable definitions.

FINANCIAL CALENDAR

February 15, 2017	Annual Report 2016
April 06, 2017	Interim Report 1st Quarter 2017
April 26, 2017	Annual General Meeting 2017
July 13, 2017	Interim Report 2nd Quarter 2017
October 11, 2017	Interim Report 3rd Quarter 2017

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Note to the Annual Report
This Annual Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

Disclaimer
This Annual Report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company’s current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that actual events including the financial position and profitability of the Gerresheimer Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed or described in these statements. Even if the actual results for the Gerresheimer Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Annual Report, no guarantee can be given that this will continue to be the case in the future.

MULTI-YEAR OVERVIEW

Financial Year-end November 30	**2016**	2015	Change in %[8]	2014	2013	Pro forma[9] 2012	2011
Results of Operations during Reporting Period in EUR m							
Revenues	**1,375.5**	1,282.9	7.2	1,207.9[10]	1,185.3[10]	1,124.4[10]	1,008.1[10]
Adjusted EBITDA[1]	**307.8**	262.6	17.2	241.0[10]	238.4[10]	226.4[10]	206.7[10]
in % of revenues	**22.4**	20.5	–	20.0[10]	20.1[10]	20.1[10]	20.5[10]
Adjusted EBITA[2]	**220.9**	178.1	24.1	155.1[10]	156.4[10]	147.2[10]	129.2[10]
in % of revenues	**16.1**	13.9	–	12.8[10]	13.2[10]	13.1[10]	12.8[10]
Result from operations	**180.5**	182.0	-0.8	120.7[10]	124.8[10]	124.6[10]	103.3[10]
Net income	**168.2**	112.7	49.3	72.9	68.5	68.3	54.4
thereof attributable to shareholders of Gerresheimer AG	***121.6***	*104.2*	*16.7*	*66.4*	*62.2*	*62.0*	*50.5*
thereof attributable to non-controlling interests	***46.6***	*8.4*	*>100*	*6.5*	*6.3*	*6.3*	*3.9*
Adjusted net income[3]	**139.0**	117.7	18.1	97.9	103.5	88.3	80.6
Net Assets as of Reporting Date in EUR m							
Total assets	**2,374.3**	2,419.4	-1.9	1,655.9	1,615.8	1,555.9	1,515.1
Equity	**763.3**	698.1	9.3	604.4	563.4	538.2	552.2
Equity ratio in %	**32.1**	28.9	–	36.5	34.9	34.6	36.4
Net working capital	**200.3**	213.7	-6.3	233.1	201.9	175.2	172.5
in % of revenues of the last twelve months	**14.6**	16.7	–	19.4[10]	17.1[10]	15.6[10]	17.2[10]
Capital expenditure	**113.2**	125.8	-10.1	126.6	119.1	118.9	86.2
Net financial debt	**788.2**	877.5	-10.2	423.8	416.6	366.5	364.6
Adjusted EBITDA leverage[4]	**2.6**	2.9	–	1.7	1.7	1.5	1.7
Financial and Liquidity Position during Reporting Period in EUR m							
Cash flow from operating activities	**173.5**	203.8	-14.9	158.3	146.7	173.6	129.8
Cash flow from investing activities	**7.9**	-600.1	>100	-125.0	-168.6	-148.6	-159.0
thereof cash paid for capital expenditure	***-110.7***	*-125.8*	*12.0*	*-125.6*	*-119.0*	*-118.9*	*-86.2*
Free cash flow before financing activities	**181.3**	-396.3	>100	33.3	-21.9	25.0	-29.2
Employees							
Employees as of the reporting date (total)	**9,904**	10,684	-7.3	11,096	11,239	10,952	10,212
Stock Data							
Number of shares as of reporting date in million	**31.4**	31.4	–	31.4	31.4	31.4	31.4
Share price[5] as of reporting date in EUR	**68.85**	73.90	-6.8	44.44	49.67	39.41	31.17
Market capitalization as of reporting date in EUR m	**2,161.9**	2,320.5	-6.8	1,395.4	1,559.6	1,237.5	978.7
Share price high[5] during reporting period in EUR	**76.86**	76.32	–	56.42	50.14	41.34	36.62
Share price low[5] during reporting period in EUR	**57.10**	41.99	–	42.31	37.60	31.00	28.30
Earnings per share in EUR	**3.87**	3.32	16.6	2.11	1.98	1.98	1.61
Adjusted earnings per share[6] in EUR	**4.22**	3.41	23.8	2.89	3.08	2.62	2.44
Dividend per share in EUR	**1.05**[7]	0.85	23.5	0.75	0.70	0.65	0.60

[1] Adjusted EBITDA: Earnings before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses.
[2] Adjusted EBITA: Earnings before income taxes, net finance expense, amortization of fair value adjustments, amortization, impairment losses, restructuring expenses, and one-off income and expenses.
[3] Adjusted net income: Consolidated net income before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including significant non-cash expenses), and the related tax effects.
[4] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.
[5] Xetra closing price.
[6] Adjusted net income after non-controlling interests divided by 31.4m shares.
[7] Proposed appropriation of net earnings.
[8] The change has been calculated on a EUR k basis.
[9] Retrospective restatement due to the early adoption of IAS 19 (amended in 2011) from December 1, 2012. A detailed explanation of the effects from the restatement can be found in the notes to the Annual Report 2013.
[10] Retrospective restatement due to the sale of the Life Science Research Division and related classification as discontinued operation.

DIVISIONS

› Plastics & Devices

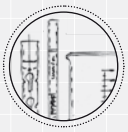
The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as lancets and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

in EUR m	2016	2015	Change in %[3]
Revenues[1]	765.4	645.3	18.6
Adjusted EBITDA[2]	204.0	141.6	44.1
in % of revenues	26.6	21.9	–
Capital expenditure	51.6	36.0	43.2

› Primary Packaging Glass

The Primary Packaging Glass Division produces glass primary packaging for medicines and cosmetics, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars.

in EUR m	2016	2015	Change in %[3]
Revenues[1]	610.6	651.0	-6.2
Adjusted EBITDA[2]	124.7	143.7	-13.2
in % of revenues	20.4	22.1	–
Capital expenditure	58.8	87.0	-32.3

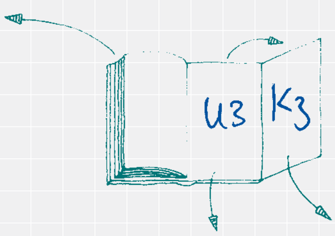


› Life Science Research (sold as of October 31, 2016)

The Life Science Research Division produces reusable laboratory glassware for research, development and analytics, such as beakers, Erlenmeyer flasks and measuring cylinders, as well as disposable laboratory products such as culture tubes, pipettes, chromatography vials and other specialty laboratory glassware. For further information we refer to note (2) in the notes to the consolidated financial statements.

in EUR m	2016	2015	Change in %[3]
Revenues[1]	–	–	–
Adjusted EBITDA[2]	–	–	–
in % of revenues	–	–	–
Capital expenditure	1.4	1.7	-20.6

[1] Revenues by segment include intercompany revenues.
[2] Adjusted EBITDA: Earnings before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses.
[3] The change has been calculated on a EUR k basis.



Multi-year overview

Financial calendar